January 19, 2024

Registrar
Ontario Energy Board
2300 Yonge Street
Toronto, Ontario M4P 1E4

Dear Ms. Marconi:

Re: Orangeville Hydro Limited
Application for 2024 Electricity Distribution Rates – EB-2023-0045
Orangeville Response to Interrogatories

In accordance with Procedural Order No.1, please find attached Orangeville Hydro's response to Interrogatories as part of our Cost of Service rate application for rates effective May 1, 2024. A full copy has been uploaded electronically on RESS and distributed to all intervenors.

Please direct any questions or concerns to the undersigned.

Yours truly,

Amy Long
Chief Financial Officer
Orangeville Hydro Limited
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c.c. John Vellone, Borden Ladner Gervais LLP
Colm Boyle, Borden Ladner Gervais LLP
Jane Scott, School Energy Coalition
Mark Rubenstein, School Energy Coalition
Jay Shepherd, School Energy Coalition
Mark Garner, Vulnerable Energy Consumers Coalition
Bill Harper, Vulnerable Energy Consumers Coalition

COST OF SERVICE RATE APPLICATION
RESPONSE TO INTERROGATORIES

2024 Cost of Service

Orangeville Hydro Limited

EB-2023-0045

CONTENTS

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1.0-VECC-1

Ref 1: Exhibit 1, pages 37-; 46-

a) Please provide the annual number of customer contacts (email, social media, telephone etc.) for each year 2014 through 2023. Please provide the total contacts by category of issue, for example, those classified as inquiries (seeking information) and those classified as complaints.

Response:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Email			751	269	599	1,689	2,840	2,245	3,136	3,365
Telephone Inquiries	23,971	22,968	23,180	22,288	21,455	22,769	16,687	15,963	12,500	8,989
Social Media	-	-	-	-	-	-	-	-	-	-
Complaints	2	20	6	9	17	7	41	31	57	38

a) Social Media: Orangeville Hydro Limited (OHL) does not use tools to track analytics on social media, outside of the analytics provided on the platforms. OHL cannot justify the cost associated with analytical tools as the information provided will not alter or impact processes. Comments made on social media are addressed privately through personal messaging, however customers are deterred from providing personal information such as phone number or address for personal security purposes. If a comment/question requires specific account information, customers are urged to contact the office via private channels such as email or phone to speak with a representative, upon which, the comments will be logged onto the customer's account. In addition to comments on social media, it cannot be certain that all comments or interactions are done by OHL's customers.

1.0-VECC-2

Ref 1: Exhibit 1, pages 37-

a) Please provide the cost of the “Engage Orangeville Hydro” exercise that was undertaken in support of this application. Please distinguish between internal costs (for example as calculated by hours expended on related tasks) and external or third party cost.

Response:

a) Third Party costs for the setup of the Engage Orangeville Hydro website were $14,125. Internal costs were not tracked, as they were not incremental to the regular internal work.

1.0-VECC-3

Ref 1: Exhibit 1, pages 56- /

Ref 2: Exhibit 4, Section 4.3.3

a) Please provide the 2014 through 2024 (forecast) annual fees for membership in the following groups:

- Cornerstone Hydro Electric Concepts ("CHEC");
- Electricity Distributors Association ("EDA"); and,
- Utilities Standards Forum ("USF")

Response:

a) Please see the table below for the annual membership fees for these groups.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CHEC	$ 34,767	$ 36,444	$ 36,704	$ 37,212	$ 38,332	$ 39,007	$ 39,231	$ 35,422	$ 39,599	$ 39,823	$ 41,017
EDA	$ 31,100	$ 32,200	$ 32,500	$ 32,800	$ 33,500	$ 34,200	$ 34,900	$ 35,200	$ 35,200	$ 37,000	$ 37,900
USF	$ 8,750	$ 8,750	$ 8,750	$ 8,750	$ 8,750	$ 8,750	$ 7,950	$ 8,750	$ 8,750	$ 8,750	$ 9,113
Total	**$ 74,617**	**$ 77,394**	**$ 77,954**	**$ 78,762**	**$ 80,582**	**$ 81,957**	**$ 82,081**	**$ 79,372**	**$ 83,549**	**$ 85,573**	**$ 88,030**

1-SEC-1

Ref 1: [Exhibit 1, Appendix 1-A 2 24 Business Plan] Orangeville Hydro has provided a copy of its 2024 Business Plan.

a) Please provide all materials provided to Orangeville Hydro's Board of Directors regarding the 2024 Business Plan and its approval of this application.
b) Please file a copy of Orangeville Hydro's 2021-2025 Business Plan on the record of this proceeding.

Response:

a) Please see filed documents OHL_IRR_Att_1-SEC-1 a. 6-2023 Minutes_for COS, OHL_IRR_Att_1-SEC-1 a. 7-2023 Minutes_for COS and OHL_IRR_Att_1-SEC-1 a. 8-2023 Minutes_for COS.
b) Please see filed document OHL_IRR_Att_1-SEC-1 b. 2021-2025 Business Plan.

1-SEC-2

Ref 1: [Ex. 1, p. 40, Appendix 1-B and 1-C]

Orangeville Hydro did a Distribution System Plan (DSP) Customer Engagement Survey (Appendix 1-C) in April-June 2021, which informed its 2022- 2026 DSP and subsequently did a Customer Interest Survey (Appendix 1-B), stating 'The survey features six questions relating to the specific cost drivers and highlights the approximate percentage of bill impact each cost driver will have. The CoS Survey began July 23, 2023, and will continue into 2024. This is to ensure customers are well informed of the CoS application, why it is necessary, how it will impact their bill, and by how much.'

a) Please file a copy of Orangeville Hydro's 2022-2026 DSP on the record of this proceeding.
b) Please confirm that Orangeville Hydro is relying on the 2021 DSP Customer Engagement Survey to inform this application.
c) If confirmed, why did Orangeville Hydro determine that it did not need to revisit the Customer Engagement Survey with updated information including bill impacts?

Response:

a) Please see filed document OHL_IRR_Att_1-SEC-2 a. OHL_Final DSP 2022-2026.

b) OHL confirms it relied on the 2021 DSP Customer Engagement Survey to assist in decision making for this application.

c) Unfortunately, Bill Impacts were not available early enough in the application process to use them for a customer engagement survey. Although a survey is not a specific requirement in the OEB Chapter 2 filing requirements, OHL still wanted to inform the customers of some of the reasons that are driving potential rate increases for this application. This survey was conducted in July and August 2023.

1-SEC-3

Ref 1: Exhibit 1, pp. 9 & 48, Table 1-21,

Ref 1: Exhibit 8, p. 17

Orangeville Hydro states its 2022 revenue was reduced due to a "customer refund as a result of an OEB Assurance of Voluntary Compliance for overbilling of fixed charges. This billing calculation change reduced revenues going forward." Page 48 notes that the refund covered a four-year period.

a) Please explain the error and how it was corrected?
b) What was the impact on distribution revenue on each of the four years affected?
c) What was the impact on 2022 distribution revenue?
d) What is the forecasted impact on 2024 distribution revenue?

Response:

a) Please see the Assurance of Voluntary Compliance filed by OHL in EB-2022-0256 at the following link: https://www.oeb.ca/sites/default/files/Orangeville-Assurance-of-Voluntary-Compliance-20221125.pdf

b) The total impact over the four-year period beginning February 1, 2018, to January 31, 2022, was $265,054.

c) As the error has now been corrected, the only impact on 2022 distribution revenue is the corrected amount for January 2022.

d) As the error has now been corrected, there is no impact on 2024 distribution revenue.

1-SEC-4

Exhibit 8, p. 17 states: "In late 2022, OHL discovered that it was underbilling a large customer using the wrong meter multiplier. As allowed to do so under the Distribution System Code, OHL re-billed the customer back to January 1, 2021."

Orangeville Hydro shows its Billing Accuracy as follows:

2018	2019	2020	2021	2022
100%	100.0%	99.84%	99.82%	99.73%

Question(s):

a) Given the two examples noted above, please explain the reported billing accuracies above.
b) What is Orangeville Hydro doing to improve its Billing Accuracy?

Response:

a) The error regarding the meter multiplier has been included in the 2022 numbers. Although the 2021 values do not include the recent correction, the billing and accuracy percentage remains high in the 99%, had the error been included the percentage changes from 99.82% to 99.81%.

b) OHL strives to provide accurate billing and takes pride in consistently achieving over 99%, as a result OHL will continue to bill using the same methods and calculations while continuing to update and improve processes when as needed.

1-SEC-5

Ref 1: [Exhibit 1, p. 21]

Orangeville Hydro lists a number of efficiency improvements it has implemented.

Please provide a table that shows all productivity gains and improvements and the associated cost savings embedded in the 2024 budget for OM&A. Please detail all assumptions and methodology used in the calculation.

Response:

In July 2023, Pacific Economic Group Research, LLC released stretch factor assignments based on the results of a statistical cost benchmarking study designed to make inferences on individual distributors' cost efficiency. OHL is in Group I of the Stretch Factor Assignments in this report, meaning that it is already among the most cost efficient LDCs in Ontario and has been since 2021. Further details on OHL costs can also be found in the Business Plan in the response to 1-SEC-1(b) above.

OHL recognizes that continuous improvement is important to maintain a Group I Stretch Factor Assignment. The table below describes the sources of cost savings embedded in the 2024 budget for OM&A, however OHL does not directly track the OM&A cost savings as part of its business operations. In any event, Orangeville cannot easily quantify the gains and improvements on a forecast basis without making numerous assumptions that would render the results of limited value for comparison purposes.

OHL has compiled the following table.

Description of productivity gains and improvements	Efficiency and productivity gains
Joint use underground construction with telecoms, where appropriate, will reduce underground cable installation costs for replacement of existing underground subdivision cable at end-of-life. OHL has not been able to quantify the capital or System O&M savings resulting from this due to the unknowns related to which of the budget and forecast projects will allow OHL to share space and costs.	OHL indirectly benefited from Joint Use underground construction by reducing the cost of trenching in new subdivisions over the historic period and will continue to benefit going forward.
Improved use and upgrade of the Geographic Information System (GIS) to capture and access plant attribute data (i.e. nameplate data, condition, inspection/maintenance histories, etc.) will aid in cost control through optimization of the asset's lifecycle. OHL has not been able to quantify the capital or System O&M savings resulting from this.	OHL heavily relies on using GIS for routine business operations, engineering design, construction activities and outage restoration. Daily, OHL realizes cost savings in employee productivity gains. Utilizing a shared GIS technician through the CHEC group reduces labour costs while benefiting from the knowledge and skills of a GIS professional.
Certain material and equipment considerations (i.e. stainless-steel transformers, polymer cutouts) help extend the life of the equipment thereby deferring replacement costs for several years.	OHL has not been able to quantify the capital or System O&M savings resulting from these changes.
OHL's voltage conversion programs will allow OHL to become a station-less system, while continuing to maintain its reliability. This conversion to 27.6kV will result in lower line losses due to the higher operating voltage, and operations and maintenance savings due to the elimination of 4.16kV substations.	OHL has not been able to quantify the capital or System O&M savings resulting from the voltage conversion program.
OHL is a member of Cornerstone Hydro Electric Concepts (CHEC), the Electricity Distributors Association (EDA), Utilities Standards Forum (USF), the Utility Collaborative Services (UCS) and Ontario Harris Users Group (OHUG). OHL realizes savings in the form of reduction of effort through the use of common standards development; staff training; shared policies process and product discovery; and ready access to the expertise of other utilities for consultation and problem solving. The reduction of effort allows OHL to accomplish more within its existing staffing.	OHL benefits from partnerships which allow for sharing of costs where applicable. Examples: • OHL shares the annual OEB and ESA survey costs with other CHEC members. • OHL, as part of CHEC, shares a GIS resource with five other LDCs. • OHL, as part of CHEC, collectively successfully implemented Green Button. • OHL shares the billing system license and maintenance costs with other UCS members.

Description of productivity gains and improvements	Efficiency and productivity gains
Customer account records were all digitized using FileNexus which gives OHL the ability to capture virtually any type of document from any source (i.e. paper records, electronic files, emails, etc.), index and compress them for secure archival and future recall-providing a single repository for all document management.	Ongoing, OHL realizes cost savings in employee productivity gains due to staff saving time from traditional filing methods and the ability to assist customers more effectively as all the customer's information is available in one location.
Customer portal for more self-service reducing phone calls and inquiries.	The cost savings of this improvement is staff time as forms will no longer be manually inputted into the billing systems but simply uploaded. Customers can access information on their account at any time resulting in a likely decrease in the number of incoming calls. The new portal will simplify the e-billing enrollment process thus likely to increase the number of subscribers resulting in costs savings for printing and mailing bills.
Savings of one FTE since 2014.	Streamlined processes, efficient workflows and the benefits of our memberships have allowed us to be more productive with less staff. The cost savings is less labour and less benefit costs.
Outsourcing of locates to a third party.	Ongoing, OHL realizes cost savings in employee productivity gains.
Updated website improving user functionality.	Improvements to our website resulted in updated forms and processes with more readily available information resulting in the decrease of incoming customer calls.

1-STAFF-1

Ref 1:Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2024 Electricity Distributor Rate Applications webpage.

Response:

The following updated worksheets are being submitted in Microsoft Excel format with these interrogatory responses.

OHL 2024 Load Forecast Model 20240119
OHL 2024 Load Profile 20240119
OHL 2024_Cost_Allocation_Model_20240119
OHL 2024_DVA_Continuity_Schedule_CoS_20240119
OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119
OHL 2024 _Rev_Reqt_Workform_20240119
OHL 2024_RTSR_Workform_20240119
OHL 2024_Tariff_Schedule_and_Bill_Impact_Model_20240119
OHL 2024_Test_year_Income_Tax_PILs_20240119
OHL 2024_Benchmarking_Model 20240119
OHL 2024_GA_Analysis_Workform_20240119

The table below provides a summary of adjustments made in response to these interrogatories.

		Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
Reference [1]	Item / Description [2]	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance ($)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency
	Original Application	$ 1,733,078	6.48%	$ 26,742,584	$ 33,483,404	$ 2,511,255	$ 1,124,239	$ 184,067	$ 4,235,523	$ 7,321,205	$ 402,186	$ 6,918,019	$ 823,921
2-Staff-8	COP: Updated OER rate from 11.7 to 19.3%	$ 1,727,001	6.48%	$ 26,648,813	$ 32,233,125	$ 2,417,484	$ 1,124,239	$ 182,801	$ 4,235,523	$ 7,313,862	$ 402,186	$ 6,911,676	$ 822,578
	Change	-$ 6,077	0.00%	-$ 93,771	-$ 1,250,279	-$ 93,771	$ -	-$ 1,266	$ -	-$ 7,343	$ -	-$ 7,343	-$ 7,343
2-Staff-8	COP: Updated RPP rates for OEB Regulated price Plan Price Report November 1, 2023 to October 31, 2024	$ 1,730,158	6.48%	$ 26,697,536	$ 32,882,767	$ 2,466,207	$ 1,124,239	$ 183,459	$ 4,235,523	$ 7,317,678	$ 402,186	$ 6,915,491	$ 826,393
	Change	$ 3,158	0.00%	$ 48,723	$ 649,641	$ 48,723	$ -	$ 658	$ -	$ 3,815	$ -	$ 3,815	$ 3,815
2-Staff-8	COP: Change RRRP from $0.0007 to $0.0014 (EB-2023-0268)	$ 1,731,003	6.48%	$ 26,710,573	$ 33,056,598	$ 2,479,245	$ 1,124,239	$ 183,635	$ 4,235,523	$ 7,318,699	$ 402,186	$ 6,916,512	$ 827,414
	Change	$ 845	0.00%	$ 13,037	$ 173,832	$ 13,037	$ -	$ 176	$ -	$ 1,021	$ -	$ 1,021	$ 1,021
8-Staff-46	COP: Change to 2024 UTR Rates (EB-2023-0222)	$ 1,731,223	6.48%	$ 26,713,357	$ 33,101,717	$ 2,482,629	$ 1,124,239	$ 183,681	$ 4,235,523	$ 7,318,963	$ 402,186	$ 6,916,777	$ 827,679
	Change	$ 219	0.00%	$ 3,384	$ 45,118	$ 3,384	$ -	$ 46	$ -	$ 265	$ -	$ 265	$ 265
5-Staff-41	Change to 2024 Cost of Capital Parameters	$ 1,730,581	6.48%	$ 26,713,357	$ 33,101,717	$ 2,482,629	$ 1,124,239	$ 177,902	$ 4,235,523	$ 7,312,543	$ 402,186	$ 6,910,357	$ 821,259
	Change	-$ 641	0.00%	$ -	$ -	$ -	$ -	-$ 5,779	$ -	-$ 6,420	$ -	-$ 6,420	-$ 6,420
8-Staff-43, 8.0-VECC-41	COP: Loss Factor, Network, Connection and Transformation per EB-2023-0030 and change to LV Rates	$ 1,731,442	6.48%	$ 26,727,235	$ 33,278,750	$ 2,495,906	$ 1,124,239	$ 178,078	$ 4,235,523	$ 7,313,580	$ 402,186	$ 6,911,393	$ 822,295
	Change	$ 860	0.00%	$ 13,277	$ 177,033	$ 13,277	$ -	$ 176	$ -	$ 1,036	$ -	$ 1,036	$ 1,036
3-SEC-16, 6-Staff-42,7-Staff-43, 7.0-VECC-36...	Load Forecast update to Sept 2023 actuals. CAM change to # of customers, # of meters, load data, # of USL bills, B&C Weighting factors	$ 1,732,682	6.48%	$ 26,746,381	$ 33,534,037	$ 2,515,053	$ 1,124,239	$ 178,332	$ 4,235,523	$ 7,315,075	$ 402,186	$ 6,912,888	$ 823,790
	Change	$ 1,240	0.00%	$ 19,147	$ 255,287	$ 19,147	$ -	$ 254	$ -	$ 1,495	$ -	$ 1,495	$ 1,495
3-SEC-16, 6-Staff-42,7-Staff-43, 7.0-VECC-36...	Load Forecast update to Sept 2023 actuals. CAM change to # of customers, # of meters, load data, # of USL bills, B&C Weighting factors	$ 1,732,841	6.48%	$ 26,748,843	$ 33,566,864	$ 2,517,515	$ 1,124,239	$ 178,365	$ 4,235,523	$ 7,315,267	$ 402,186	$ 6,913,080	$ 810,666
	Change	$ 159	0.00%	$ 2,462	$ 32,827	$ 2,462	$ -	$ 33	$ -	$ 192	$ -	$ 192	-$ 13,124

1-STAFF-2

Ref 1: Exhibit 1, Table 1-28, p. 52
Ref 2: 2022 Unit Cost Calculations - October 11, 2023

Preamble:
Table 1-28 provides a comparison between Orangeville Hydro's average costs and the industry average for the period 2017-2021.

OEB staff notes that the Activity and Program Benchmarking (APB) unit cost results for 2022 have been publicly released (reference 2) since Orangeville Hydro filed its 2024 Cost of Service application. Based on the 2022 unit cost results, OEB staff notes that for certain programs, the unit cost comparison (whether Orangeville Hydro's performance is below or above industry average) has changed.

Question(s):

a) Please update Table 1-28 to include the 2022 results.
b) Using the updated table, please provide explanations for Orangeville Hydro's performance compared to the industry average for programs that have changed from the original application.

Response:

a) Please see table below for Activity and Program Benchmarking (APB) unit cost results including 2022 results.

Activity/Program	OHL 5-year Average ($)	Industry Average ($)	Difference	Explanation for change from 2021 table
Unit Cost ($/Customer)				
Billing O&M	$ 31.06	$ 35.82	-15.33%	In line with historical and below industry average.
Metering O&M	$ 19.37	$ 19.43	-0.29%	In line with historical and below industry average.
Meter CAPEX	$ 8.22	$ 11.80	-43.61%	In line with historical and below industry average.
Unit Cost ($ per Pole)				
Vegetation Management O&M	$ 83.49	$ 36.62	56.14%	Work was deferred in 2020 and completed in 2022, therefore increasing costs in 2022.
Pole Maintenance O&M	$ 1.82	$ 11.40	-524.85%	Lower than last year and below industry average.
Poles, Towers & Fixtures CAPEX	$ 6,860.63	$ 9,472.10	-38.06%	In line with historical and below industry average.
Unit Cost ($ per km)				
Lines O&M	$ 700.40	$ 1,330.36	-89.94%	In line with historical and below industry average.
Unit Cost ($ per Total MVA)				
Stations Maintenance O&M	$ 2,720.18	$ 1,554.41	42.86%	Denominator was changed from 2021 MVA per station to 2022 Total MVA, which reduced the 5 year average for OHL and all LDCs. Future review of costs included in this category will be undertaken.
Station CAPEX	$ 478.26	$ 5,210.69	-989.51%	Denominator was changed from 2021 MVA per station to 2022 Total MVA, which reduced the 5 year average for OHL and all LDCs. Costs are in line with historical and below industry average.
Unit Cost ($ per Line Transformer Addition)				
Line Transformer CAPEX	$ 13,634.77	$ 10,450.00	23.36%	Higher than industry average, but similar to OHL last year results.

b) Please see table above in response for part a) which includes explanations for OHL's performance as compared to the table from the original application.

1-STAFF-3

Ref 1: Exhibit 1, Table 1-32, p. 53
Ref 2: 2022 Unit Cost Calculations - October 11, 2023

Preamble:
In reference 1, Table 1-32 provides a comparison between Orangeville Hydro's vegetation management cost for years 2017-2021.
In reference 2, the 2022 unit cost for vegetation management has significantly increased from the 2017-2021 average provided in table 1-32.

Question(s):

a) Please provide an explanation as to the reasons for significant increase in 2022 unit cost for vegetation management as compared to the 2017-2021 average.
b) Please provide the forecasted unit costs for 2023 and 2024 using the forecasted vegetation management cost for bridge and test years.

Response:

a) As per question 4-Staff-30, the vegetation management spending for 2020 was lower than planned and lower than recent prior years. Due the uncertainty during the early stages of the COVID-19 pandemic, the rear-lot tree trimming by a third-party arborist was deferred. This deferral reduced vegetation management costs in 2020 and led to the increase in 2022 when two rear-lot areas were cleared instead of the normal one per year.

b) The forecasted unit costs for 2023 and 2024 using the updated forecast (which includes a reduction of $94,390 from the 5135 2023 forecast) is shown below:

Forecast Unit Costs	
2023 Forecast	2024 Forecast
87.16	116.67

This 2023 forecast reduction has been reflected in OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119.

1-STAFF- 4

Ref: Exhibit 1, pp. 56 – 58

Preamble:
Orangeville Hydro states that it benefits from partnerships which keep it informed regarding innovation possibilities and allows for sharing of costs where applicable.

Orangeville Hydro also states that it is facilitating innovation in other ways including implementing Green Button.

Question(s):

a) Please provide details and quantification on where these partnerships have been incorporated into the current application for 2024 rates.
b) Has Orangeville Hydro conducted any analysis to determine an estimated impact of Green Button on its operating costs?
    i) If so, please provide a summary of the analysis including estimated costs.
    ii) Are the Green Button costs included in the budget underpinning 2024 rates? Please explain.

Response:

a) Many of the partnerships listed in the Facilitating Innovation section of Exhibit 1 have been in place for many years. OHL is a member of Cornerstone Hydro Electric Concepts (CHEC), the Electricity Distributors Association (EDA), Utilities Standards Forum (USF), the Utility Collaborative Services (UCS) and Ontario Harris Users Group (OHUG). The related costs have been included in the budget line items in this application are shown here and 1.0-VECC-3. The annual membership costs for UCS and OHUG have been included in the application budgets and is approximately $234,000 for 2024 and relates to licensing, maintenance costs, and a portion of support staff.

b) To date, OHL has spent $37,988 on implementing Green Button. These expenses have all been booked to the variance account, and therefore have no impact to OHL's operating costs. This amount includes only contractor costs, no internal resource costs. There are no Green Button costs included in the budget, as they are all being included in the 1508 variance account. OHL is aware of $3,950 of ongoing future costs annually for software support and hosting. There may be additional ongoing licensing fees.
    i) Please see b) above.
    ii) Please see b) above.

1-STAFF-5

Ref: Exhibit 1, Appendix 1-A – 2024 Business Plan

Question(s):

a) OEB staff notes that the 2024 statistics in the Business Plan do not reconcile with Chapter 2 Appendices. Please indicate when the Business Plan was prepared and explain any material changes in the 2024 budgets in the Business Plan. versus the proposed 2024 numbers from Chapter 2 Appendices.
b) If there are material changes in (a), please explain whether the material changes impact any plans described in the Business Plan.

Response:

a) The Business Plan is prepared for the approval of the OHL board and shareholders. This means it is structured to be comparable to the OHL audited financial statements as much as possible.

b) There were no material changes made from the approval of the Business Plan to the submission of this application.

1-STAFF-6

Ref 1: Appendix-2BA
Ref 2: Appendix-2C

Preamble:
OEB staff notes that for the years 2014 to 2015, 2017 to 2022 and 2024 there are differences greater than $10k between reference 1 and reference 2. OEB staff expects the differences to be immaterial.

Depreciation expense ($)					
Year	**Ref 1 Cell**	**2BA**	**Ref 2 Cell**	**2C**	**Difference**
2014	K161	868,183	J118	772,714	**95,469**
2015	K227	880,110	J167	802,430	**77,680**
2016	K289	849,223	J216	852,059	**(2,836)**
2017	K351	873,981	J265	902,930	**(28,949)**
2018	K413	905,707	J314	844,225	**61,482**
2019	K476	926,694	J363	841,770	**84,924**
2020	K538	938,368	J412	911,171	**27,196**
2021	K600	967,130	J461	981,440	**(14,310)**
2022	K662	1,014,294	J510	999,298	**14,996**
2023	K724	1,057,203	I559	1,050,728	**6,475**
2024	K786	1,134,013	I608	1,161,206	**(27,193)**
Total		**10,414,904**		**10,119,970**	**294,933**

Question(s):

a) Please explain the reason(s) for the variances between the schedules and update the schedules as applicable.

Response:

a) Appendix 2-C in OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119 has been corrected.

EXHIBIT 2 – RATE BASE

2.0-VECC-4

Reference: Exhibit 2, page 40

Question(s):

a) Please update the following schedules for year-end 2023 (unaudited) results:
   i) Appendix 2-AA
   ii) Appendix 2-BA

Response:

i) OHL's unaudited year-end 2023 capital expenditures are not available at this time. OHL will strive to have those numbers at settlement and will update Appendix 2-AA and Appendix 2-BA at that time.

ii) Please refer to i)

2.0-VECC-5

Ref 1: Exhibit 2, page 40

Question(s):

a) Please provide a list of each subdivision under construction in each year 2023 through 2025 and provide the current status of the project (planning stage, construction of roadway and services complete, percentage of houses currently completed and energized).

Response:

a) OHL has provided this information in a tabular format.

Year	Subdivision Name	Status (planning stage, construction of roadway and services complete, % of houses energized)	When energized	Total Homes	# Homes Connected
2023	S32: 62A-68 First Street	Complete	45,069	41	41
2023	S31: 670-690 Broadway	Complete	45,121	33	33
2023	S33: Mayberry Hiss Phase 3A Block 43	Complete	44,317	17	17
2024	S34: Mayberry Hills Phase 3B Stage 1	Offer to Connect dated Feb 6/23. In August 2023, received notification that developer registered the subdivision. All primary and transformers installed. No foundations installed. Awaiting home builder to build homes.	n/a	153	-
2024	S35: Edgewood Valley Phase 2B	Grading and deep servicing continuing. No electrical work started. Awaiting developer.	n/a	116	-
2024	152 Main St N on Rainy	Road completed (existing), awaiting developer to begin electrical work.	n/a	12	-
2025	Edgewood Valley Phase 3B	Grading started.	n/a	119	-
2025	20 Scott Drive	No offer to connect, no contact with developer.	n/a	26	-

2.0-VECC-6

Ref: Exhibit 6,

Question(s):

a) Please explain how the capital contribution forecast for 2023 through 2028 was formulated?

Response:

a) Please see chart below.

ID	Project name	2023	2024	2025	2026	2027	2028
C01	Various General Service Capital Contribution Projects	50% of April YTD spend + 100% of forecast projects less transformers	Based on 50% of estimated spend	Based on 50% of estimated spend	Based on 50% of estimated spend	Based on 50% of estimated spend	Based on 50% of estimated spend
C02	Various Residential Capital Contribution Projects	100% of residential projects	83% of estimated costs	83% of estimated costs	83% of estimated costs	83% of estimated costs	83% of estimated costs
C03	Road Widenings	75% of April YTD spend	No forecast projects	No forecast projects	No forecast projects	No forecast projects	No forecast projects
F01	Estimated Distributed Energy Resources Projects	No forecast projects	100% of estimated costs	100% of estimated costs	100% of estimated costs	100% of estimated costs	100% of estimated costs
S01	Various Subdivisions	Based on economic evaluation estimate	Based on economic evaluation estimate	Based on economic evaluation estimate	Based on economic evaluation estimate	Based on economic evaluation estimate	Based on economic evaluation estimate

2.0-VECC-7

Ref 1: Exhibit 2, Appendix 2-C-DSP

Preamble:
"As identified in the 2022 Regional Infrastructure Plan ("RIP") and in the April 2020 Needs Assessment report, HONI intends to replace and upgrade the existing Orangeville TS transformers and reconfigure low voltage equipment due to the asset being at the end of life from a condition standpoint. The upgrades are presently underway with the 44kV upgrades already completed in 2023 and the with an in-service date scheduled for 2024 for the 28kV upgrades. HONI and OHL have collaboratively worked throughout every step of this upgrade. Furthermore, Grand Valley is serviced from HONI's existing 3MVA transformer as Grand Valley Distribution Station ("DS")."

Question(s):

a) What impact does Hydro One's work at the Orangeville TS and the Grand Valley DS have on OHL's 2024-28 DSP?

Response:

a) There are no known material cost impacts on OHL's 2024-2028 DSP from Hydro One's work at the Orangeville TS and Grand Valley DS.

2.0-VECC-8

Ref 1: Exhibit 2, Appendix 2-C-DSP, page 39

Table 5.2-15: Customer Hours Interrupted Numbers (rounded) by Cause Codes –

Cause Code	2018	2019	2020	2021	2022	Total CHI	%
0-Unknown/Other	0	90	56	0	0	146	0%
1-Scheduled Outage	426	534	420	2,187	1,628	5,195	5%
2-Loss of Supply	1,216	9,147	5,065	1,966	5,007	22,401	22%
3-Tree Contacts	295	2	66	4,083	3,556	8,002	8%
4-Lightning	0	1	-	0	0	1	0%
5-Defective Equipment	2,692	431	6,131	15,598	429	25,281	24%
6-Adverse Weather	108	12	3,300	0	31,772	35,192	34%
7-Adverse Environment	0	12	-	0	0	12	0%
8-Human Element	0	54	-	266	12	332	0%
9-Foreign Interference	189	3,024	2,850	295	456	6,814	7%
Total	**4,926**	**13,307**	**17,888**	**24,395**	**42,860**	**103,376**	**100%**

a) What accounts for the large increase in scheduled outages in 2021-22?
b) What is the 2023 customer hours of scheduled outages?
c) Please provide OHL's projection/or target for scheduled outage (number and hours) for the 2024 – 2028 DSP plan period?

Response:

a) **2021:**
The main driver for the Customer Hours Interrupted under Scheduled Outages was the planned construction project to upgrade the existing overhead primary conductor on Centennial Road. The planned outages occurred on Sunday June 20, 2021, and Sunday June 27, 2021.
The Customer Hours Interrupted from this single project was 1,941 hours which accounts for 89% of the Scheduled Outage customer hours in 2021.

2022:
The Customer Hours Interrupted under Scheduled Outages has multiple drivers in 2022. The below four drivers accounts for 1,326 hours which is 81% of the Scheduled Outage customer hours in 2022.

Detail of Scheduled Outage	Customer Hours of Interruption	Percent of Annual Total
Voltage Conversion Project - B118	662	41%
Vegetation Management	390	24%
November 9th, 2022 – Replace corroded transformer and replace switch (hot spot)	144	9%
Rear Lot Pole Replacements	130	8%

b) The 2023 customer hours of scheduled outages is approximately 1,329 hours. The main drivers (over 80%) of scheduled outages in 2023 were Voltage Conversion Projects B120 and B122, replacement of leaking transformers, and vegetation management.

c) OHL does not create an annual prediction/or target for Sub-Cause codes.

2.0-VECC-9

Ref 1: Exhibit 2, Appendix 2-C-DSP, page 24

Table 5.2-2: Performance Measure - System Losses

Measure	2018	2019	2020	2021	2022	OHL Target
System Losses	3.65%	3.71%	3.47%	4.61%	1.96%	< 5.0%

a) What accounts for the significant reduction of system losses in 2022?

Response:

a) Per 8-Staff-49, Appendix 2-R of file OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119, column G (loss factor in distributor's system was amended to reflect the following system losses).

Measure	2018	2019	2020	2021	2022	OHL Target
System Losses	3.29%	3.17%	3.03%	3.07%	2.92%	< 5%

2.0-VECC-10

Ref 1: Exhibit 2, Appendix B METSCO Asset Condition Assessment

a) METSCO makes a number of recommendations in two categories – Health Index Enhancements and Data Availability Improvements. Please explain how these recommendations are to be addressed during the rate plan.

Response:

a) Please refer to response to 2-STAFF-15.

2-SEC-6

Ref. Exhibit 2, Appendix 2-AB

Please provide:

a) Year-to-date numbers for 2023 net capital expenditures as shown in Appendix 2-AB and an updated forecast for 2023 and 2024 as required.
b) Year-to-date numbers for 2021 and 2022 to the same point in time as provided for 2023 in part a.

Response:

a) The 2023 Nov YTD capital expenditures and updated forecast are shown below.

CATEGORY	2021 Nov YTD	2022 Nov YTD	2023 Nov YTD	2023 Dec YTD Bridge	2024 Dec YTD Test
System Access	$732	$70	$564	$820	$1,360
System Renewal	$647	$718	$941	$583	$787
System Service	$953	$2,050	$724	$977	$819
General Plant	$64	$133	$90	$124	$711
TOTAL EXPENDITURE	**$2,396**	**$2,971**	**$2,319**	**$2,505**	**$3,677**
Capital Contributions	($384)	($27)	($328)	($451)	($719)
NET CAPITAL EXPENDITURES	**$2,012**	**$2,944**	**$1,991**	**$2,053**	**$2,958**

Appendix 2-AB will be completed at the time of settlement with actual 2023 net capital expenditures and a revised 2024 forecast if need be.

b) Please refer to a.

2-SEC-7

Ref. Exhibit 2, Appendix 2-AB

Appendix 2-AB shows contributed capital for 2025 to be +204k. Please confirm if this is correct or correct as required.

Response:

This value has been corrected to -204k in Appendix 2-AB of file OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119.

2-SEC-8

Ref. Exhibit 2, Appendix 2-C DSP

Orangeville Hydro filed a DSP as part of its 2022 rate application EB-2021-0049. Net Capital Expenses are shown as follows:

$000	2022 planned/actual	2023 planned	2024 planned	2025 planned	2026 planned
Previous DSP	2,074	2,298	2,042	2,057	2,508
Updated DSP	2,920	2,053	2,958	2,805*	2,747

* Assumes correction to contributed capital noted above in 2-SEC-6 is correct.

a) Please explain the variance between the planned spending in 2024 to 2026.
b) Please explain the process Orangeville Hydro used to update the DSP for this application.

Response:

a)

2024 Category in $000	2024 DSP	2021 DSP	Difference
System Access	$1,360	$563	$797
System Renewal	$787	$281	$506
System Service	$819	$908	($89)
General Plant	$711	$449	$262
TOTAL EXPENDITURE	**$3,677**	**$2,201**	**$1,476**
Capital Contributions	($719)	($158)	($561)
NET CAPITAL EXPENDITURES	**$2,958**	**$2,043**	**$915**

System Access increased by $797K due to Mayberry Hills Phase 3B, which was planned in the 2021 DSP in 2025. Edgewood Valley Phase 2B suddenly moved forward in Town planning.

System Renewal increased by $506K due to the sleeve replacement program, meter replacement program (2-Staff-19) and the PME replacement program (2-Staff-16) which were not in the 2021 DSP.

System Service decreased by $89K due to the Voltage conversion from Rabbit-Caledonia planned for 2024 in the 2021 DSP being delayed to 2025 in the 2024 DSP.

General Plant increased by $262K due to the Esri software not being in the 2021 DSP and an increase in roof replacement costs from DSP to DSP. Truck replacement costs increased due to rising costs and the change to an electric vehicle.

2025 Category in $000	2024 DSP	2021 DSP	Difference
System Access	$659	$478	$181
System Renewal	$720	$269	$451
System Service	$1,194	$1,129	$65
General Plant	$436	$355	$81
TOTAL EXPENDITURE	**$3,009**	**$2,231**	**$778**
Capital Contributions	($204)	($174)	($30)
NET CAPITAL EXPENDITURES	**$2,805**	**$2,057**	**$748**

System Access increased by $181K due to Orangeville Highlands Phase 1 which moved forward in Town planning.

System Renewal increased by $451K due to the meter replacement program (2-Staff-19) and the PME replacement program (2-Staff-16) which were not in the 2021 DSP.

System Service increased by $66K due to the Voltage conversion from Rabbit – Caledonia planned for 2024 in the 2021 DSP being delayed to 2025 in the 2024 DSP. There was an MS2 East Feeder Conversion from Carlton-Lawrence added in the 2024 DSP. This was offset by 2 projects in the 2021 DSP being delayed to 2026.

General Plant increased by $81K due to an mCare upgrade not in the 2021 DSP and an increase in roof replacement costs from DSP to DSP.

2026 Category in $000	2024 DSP	2021 DSP	Difference
System Access	$689	$714	($25)
System Renewal	$817	$353	$464
System Service	$1,405	$1,377	$28
General Plant	$215	$420	($205)
TOTAL EXPENDITURE	**$3,126**	**$2,864**	**$262**
Capital Contributions	($378)	($356)	($22)
NET CAPITAL EXPENDITURES	**$2,748**	**$2,508**	**$240**

System Access decreased by $25K.

System Renewal increased by $464K due to the meter replacement program (2-Staff-19) and the PME replacement program (2-Staff-16) which were not in the 2021 DSP.

System Service increased by $28K due to the Voltage conversion from Rabbit – Caledonia planned for 2024 in the 2021 DSP being delayed to shifting in project priorities.

General Plant decreased by $205K due to the delay in the double bucket truck replacement to 2027 in the 2024 DSP.

b) The key changes since the last DSP were described in Section 5.2.1.3 of the DSP. The System Access changes were driven by new information provided by developers and municipal planning departments. The System Renewal changes were driven by the asset condition assessment, recent asset failures, and regulatory compliance requirements. The System Service changes were driven by the recent progress of the

voltage conversion program. All of the above categories changed with updated material, contractor, and labour costs.

2-SEC-9

Ref. Exhibit 2, p. 8

Orangeville Hydro states that they "…started using account 6105 Taxes Other than Income Taxes in 2018. For the years 2014 to 2017, property taxes were included in Recoverable OM&A Expenses."

a) Please provide the amount of property taxes included in Recoverable OM&A Expenses for 2014 (approved and actual) to 2017.
b) For 2019 to 2024, please provide the actual or forecasted property taxes.

Response:

a) Please see the table below for the summary of property taxes from 2014-2024. The 2018 property taxes were very low due to a refund in that year.

Summary	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
5017	14,133	13,701	11,483	11,373	-	-	258	15	-		
5675	26,073	26,068	21,847	21,639	-	-	-	-	-		
4380	17,387	17,383	14,569	14,430	4,873	24,099	27,076	27,063	27,336	28,672	29,532
Overhead a/c	18,630	18,626	15,611	15,462	-	-	-	-	-		
6105	-	-	-	-	14,349	36,763	41,103	41,256	41,686	43,008	44,298
Total taxes	76,222	75,778	63,510	62,905	19,221	60,862	68,437	68,334	69,022	71,680	73,830

b) See part a. above.

2-SEC-10

Ref 1: Exhibit 2, Appendix 2-D

Orangeville Hydro has provided its allocated OM&A costs for 2014 to 2022 in Appendix 2-D, however, shows $0 for 2023 and 2024. Please provide an explanation of why no costs are allocated in 2023 and 2024 and update as required.

Response:

OHL has updated 2023 and 2024 in Appendix 2-D of file OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119.

2-SEC-11

Ref 1: Exhibit 2, Appendices 2-AB and 2-G

Orangeville Hydro's average net capital expenditures 2014- 2023 are $1,759k and the forecast for 2024-2028 is $2,908k, a variance of $1,149k (65%).

a) Why is Orangeville Hydro increasing its forecasted net capital expenditures by 65% compared to historical.
b) Why were the required investments not made in previous years, especially considering that 2020 and 2021 had poor reliability mainly caused by defective equipment?

Response:

a) OHL notes that the actual net capital expenditures in 2022 were approximately $2,920k. There are several drivers to the significant increase in net capital expenditures in 2024 over historical, as shown below.

System Access:

- Subdivisions – Growth from two larger subdivisions are planned for 2024, with developers expecting energization in 2024.

System Renewal:

- Sleeve replacement program – as explained in 2-SEC-13, this program is to remove the automatic tension sleeves from the primary distribution system to be replaced with compression sleeves. This need became evident at the end of 2022, and began in 2023.
- Meter replacement - as explained in 2-Staff-19, this is to replace existing meters and to connect new customers. The entire meter population requires replacement or reverification by 2028.
- Pole replacement - as explained in 2-VECC-10, the health of poles has been identified within the ACA as a required focus, therefore additional poles have been forecasted for replacement

General Plant:

- Roof replacement – as explained in 2-SEC-12, major defects in the roof became apparent throughout 2023
- GIS system – as explained in 2-SEC-12, the new GIS was not ready to be implemented until 2024
- Customer portal – as explained in 2-SEC-12, the set-up of the customer portal is concurrent with other LDCs to allow for collaboration and efficiencies throughout the implementation of the process

In addition to the identified drivers above, there were additional factors that increase the cost of capital project above the historical averages. After the COVID-19 pandemic and recent supply chain issues, material costs have significantly increased. This increases the costs to complete the similar work as compared to historical years.

b) **2020:** There were two main drivers for the Customer Hours Interrupted under Defective Equipment in 2020. The below two drivers account for 5,736 hours which is 93% of the Defective Equipment Outage customer hours in 2020.

Detail of Outage	**Customer Hours of Interruption**	**Percent of Annual Total for Defective Equipment**
August 2020 - Automatic Sleeve Failure	4,768	77%
October 2020 - PME Switching Cubicle Failure	968	16%

There was not enough evidence prior to the August 2020 automatic sleeve failure to justify a capital program to replace the sleeve prior to failure. Also, this specific sleeve was not identified in prior infrared scans. OHL's response to 2-SEC-13 provided additional information on the progression to the 2023 and 2024 automatic sleeve replacement program to reduce the risk of reoccurrence.

There was not enough evidence prior to the October 2020 PME Switching Cubicle Failure to justify a capital program to replace switching cubicles at an increased pace. After additional PME Switching Cubicle failures, OHL is planning on a paced replacement program to reduce the risk of reoccurrence.

2021: There were two main drivers for the Customer Hours Interrupted under Defective Equipment in 2021. The below two drivers account for 15,262 hours which is 98% of the Defective Equipment Outage customer hours in 2021.

Detail of Outage	Customer Hours of Interruption	Percent of Annual Total for Defective Equipment
March 2021 – Pole fire due to failed EPAC Insulator	9,434	60%
October 2021 – Express Elbow Failure	5,828	37%

After the March 2021 pole fire due to the failed EPAC Insulator, OHL replaced all remaining EPAC Insulators that were installed on the 44kV distribution system.
The October 2021 Express Elbow Failure occurred on an elbow that was installed in 2015. Prior infrared scans did not identify any thermal anomalies or concerns. This is the only known occurrence of this specific failure in OHL's service area in recent history. To reduce the risk of reoccurrence, OHL has begun an annual Ultra Sonic Partial Discharge Scanning program for the underground express distribution system.

2-SEC-12

Ref. Exhibit 2, p. 54

Orangeville Hydro states: "There is a 472% increase in General Plant expenditures from 2023 to 2024. The increase is due to a much needed roof replacement, a new industry standard of GIS, a financial software upgrade and an enhanced customer portal. OHL's building was built in 1990 and the roof is beyond its life expectancy. OHL was informed by a third party that it is in serious need of replacement. OHL's existing customer portal is no longer being supported and is increasing cybersecurity concerns."

For each of the three cited reasons given above; new roof, new GIS standard and enhanced customer portal, please provide details on the following:

a) When was this issue first identified or known?
b) If before 2023, why was the issue not acted upon sooner?
c) Were any of these three projects identified in Orangeville Hydro's 2022-2026 DSP?

Response:

a) New roof: The issue was identified in the 2021 DSP. The roof leaks have progressively worsened over time. In July 2021, OHL engaged a third party to assess the roof. The initial Roof Asset Management Program/Report (RAMP) was received on August 23, 2021. The August 2021 RAMP recommended interim repairs in 2021 and major replacements in 2024 (Section 1) and 2025 (Section 2). The RAMP was recompleted in September 2023 with the same recommendations for major replacements in 2024 (Section 1) and 2025 (Section 2).

   New GIS standard: The ESRI GIS has been considered in past years. The main reason OHL did not move forward with the ESRI GIS was due to the potential increase in labour costs to initially deploy and maintain the robust GIS platform. In August 2022, CHEC began a working group to determine the scope and feasibility of a Shared GIS Resource/Technician. In December 2022, the GIS Technician Cost Sharing Agreement between six CHEC LDCs was executed. With the Shared GIS Resource hired in April 2023, OHL was now able to move forward with planning the deployment of the ESRI GIS in 2024.

   Enhanced customer portal: It was first brought to our attention during our Customer Satisfaction Survey completed at the beginning of 2021 when there were several comments made by our customers of their dissatisfaction with our customer portal. At that time, we started looking into different customer portal options, however it was put on hold with the regulatory requirements of Customer Choice and Green Button. Also, as we move forward collectively as a group the process takes a bit longer for negotiating contracts.

b) New roof: The roof assessment report did not suggest that a full roof replacement was required until 2024.

   New GIS standard: The GIS Technician Cost Sharing Agreement between six CHEC LDCs was planned to be completed prior to the implementation of the ESRI GIS and this did not take place fully until 2022/2023.

Enhanced customer portal: The required implementation of Customer Choice and Green Button put a hold on the customer portal.

c) New roof: Yes
New GIS standard: No
Enhanced customer portal: Yes

2-SEC-13

Ref. Exhibit 2, pp. 53 & 54, Table 5.2-3, Material Investment Narrative Investment Category: H00- SLEEVE-2024 Automatic Tension Sleeve Replacements

On page 53 Orangeville Hydro states that: "There is a 5% increase in System Renewal expenditures from 2022 to 2023. The increase was driven by a primary sleeve replacement program...The need for this program was identified after the December 2022 blizzard which triggered OHL to file a major event report with the OEB."
On page 54 Orangeville Hydro states: "There is a 35% increase in System Renewal expenditures from 2023 to 2024. The increase is driven by a sleeve replacement program".

The note at the bottom of Table 5.2-3 states: "This is due to an automatic tension sleeve failing resulting in the feeder tripping and live conductor falling to the ground in 2020. This incident was reported to the Electrical Safety Authority ("ESA") and published in 2021. No injuries were reported to OHL employees or the general public. OHL quickly restored the conductor and carried out an infrared scan of that area and the entire service territory to detect other failing sleeves."

Material Investment Narrative H00-SLEEVE-2024 shows $142k in 2023 and $227k in 2024 and states that $50k in each year is for the replacement of one PME switchgear, resulting in $92k to replace 100 sleeves in 2023 and $177k to replace 431 sleeves.

a) Please confirm that the issue with the sleeves was initially identified in 2020.
b) If confirmed above, why was there no spending on replacing sleeves included in Orangeville Hydro's 2022-2026 DSP?
c) Please explain why the cost in 2023 is $920 per sleeve and $410 in 2024.
d) Why is Orangeville Hydro not pacing the replacement of the sleeves over the DSP period?

Response:

a) OHL confirms that in August 2020, a single automatic tension sleeve failed and an adjacent second sleeve was found nearing failure.

b) Based on the August 2020 event, there was not enough evidence to justify a full replacement program. Instead, an additional infrared scan was completed to inspect the system for thermal anomalies. Also in June 2021, the overhead conductor was replaced during the 4/0 AL to 556MCM AL conductor upgrade under Project B114-2021 on Centennial Road. This project upgraded the 27.6kV conductor and removed the existing automatic sleeves in the August 2020 failure. These actions were deemed to be sufficient based on the evidence at the time.

   After the December 2022 blizzard, the additional failures, which occurred on a variety of voltages and conductor sizes, provided new evidence that additional actions are required.

c) OHL's forecasted costs within the DSP were:
   2023: $42,897.75 for 100 sleeves ($428.98 per sleeve)
   2024: $177,478.07 for 431 sleeves ($411.78 per sleeve)

d) OHL is planning on pacing the replacement program over a two-year period. This time period was chosen due to the impact on safety and reliability in case of a failure.

2-SEC-14

Ref. Exhibit 2, Material Investment Narrative Investment Category: M00-STOCK-2024 Meter Replacement and Additions

Orangeville Hydro shows the following spending for meters:

$000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	126	109	0	171	19	203	243	365	450	378	441

a) For each year, please provide:
- Number and cost of new meters installed
- Number and cost of replacement meters
- Number and cost of wholesale meters replaced
- Number and cost of MIST interval upgraded
- Costs to reverify and sample meters

Response:

a) OHL capitalizes the cost of meters as a major component in M00 when they are purchased. The following are the components of M00 Capex.

M00 Capex Component	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Number of meters	559	520		116		591	591	1,404	1,636	1,404	1,712
Cost of meters	108,323	97,297		169,772		191,811	191,811	323,036	400,365	291,178	373,657
Number of wholesale meters	2	1			2		1	1	1	1	
Cost of wholesale meters	17,332	11,269			19,089	-	9,075	7,269	7,269	47,074	-
Reverification and sampling						10,970	42,613	31,340	42,822	40,136	67,217
Total	**125,656**	**108,566**	-	**169,772**	**19,089**	**202,781**	**243,499**	**361,645**	**450,456**	**378,388**	**440,874**

OHL can also provide the following data as a reference point. OHL does not track meter installations as either a meter for a new service, as opposed to a meter being replaced at an existing service but can provide the total number of meter installations by year. The MIST metering program is complete at this point.

Data not involving M00 Capex	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Number of MIST meters			5	53							
Cost of MIST meters			14,308	160,696							
Number of meters installed	497	655	600	406	263	225					

OHL cannot provide historical breakdown of reverification and sampling as opposed to cost of meters as all are embedded into the cost of meters. The reverification and sampling activities involve field personnel removing and installing a meter.

2-SEC-15

Ref. Exhibit 2, Material Investment Narrative Investment Category: GP 2024-5 Vehicles

Orangeville Hydro states that replacement decisions are based on 'Vehicle age, mileage, engine and PTO hours, annual maintenance/inspection results, repair history, and use case requirements.'

a) For each of the vehicles listed in the Overview, please provide details of the above information.
b) Orangeville Hydro is planning to replace two of its trucks with electric trucks. What are the forecasted savings in fuel for each truck?
c) Orangeville Hydro's 'vehicle strategy plans for small vehicles, such as pickup trucks, to remain in service for 8 years. As of 2023, OHL's three pickup trucks have been in service for 8 years (#34), 7 years (#36), and 6 years (#37). OHL plans to replace one pickup truck per year in 2024, 2025, and 2026.' Please explain why it appears that Orangeville Hydro's is replacing the three pickup trucks based solely on years in service and not on the other criteria listed above.

Response:

a) In 2022, Truck 36 had to get a new battery and its body is corroding. Truck 37 had injector replacements for 4 cylinders and experienced sputtering at low speeds and air conditioner repairs.

Truck #	Size	Model Year	Make & Model	n Service Yea	Mileage	PTO	Engine Hours	2022 Repair Costs
		1997	Nissan Forklift	2001				
	Trailer	2011	Pole Trailer	2011				$ 465
	Trailer	2011	Equipment Trailer	2011				
	Trailer	1998	Reel Trailer	1998				
	Trailer	2014	Reel Trailer-Hydraulic Lift	2014				
	Trailer	2014	Vermeer Wood Chipper	2014				
24	Large	2007	Posi-Plus/Freightliner Double Bucket	2006	19,558	1,433	2,313	$ 2,976
33	Large	2015	Altec/Freightliner Digger/Derick	2014	21,698	1,127	1,559	$ 4,467
34	Small	2014	GMC 1500 Sierra Crew Cab	2015	120,877		5,278	$ 399
35	Medium	2015	GMC 3500 HD Dump Truck	2016	54,795		3,544	$ 1,843
36	Small	2015	GMC 1500 Sierra Crew Cab	2016	100,721		5,610	$ 1,252
37	Small	2015	GMC 1500 Sierra Crew Cab	2017	178,000		4,293	$ 7,100
38	Large	2018	Posi-Plus/Freightliner Single Bucket	2018	41,744	1,229	3,386	$ 2,645
39	Small	2019	Kia Soul EV	2019	19,700			$ 1,090
40	Large	2020	Altec/Ford F550 Single Bucket	2020	31,233	648	2,474	$ 3,102

b) Based on 2022 fuel costs, OHL is forecasting to save close to $5,000 per year on fuel for each truck. There is also about $3,000 per year on oil change and repairs for each truck, a portion of which will result in savings as an electric vehicle has less required maintenance.

c) As detailed in part a., Truck 37 will most likely get replaced first based on higher mileage and past repair costs in order to have better fleet health even though by years in service, it should be replaced in 2026.

OHL does not replace its vehicles based solely on years in service but based on the other criteria listed above and some other factors as below:
To maximize the useful life of its vehicles, OHL evaluates the following for each vehicle:

- The availability to rotate vehicles between users to maximize the mileage driven with respect to the vehicle's age, such as transferring a vehicle to another department where usage is less severe or to address a need for a spare vehicle or spare parts.

- Analysis of whether the vehicle is in sufficiently good shape to extend its useful life beyond the age and mileage guidelines.
- OHL also analyzes factors that may decrease the useful life of a vehicle, including:
- Evidence of a vehicle that can no longer receive maintenance support or uses parts or updates that can no longer be supplied.
- Analysis if the vehicle is a “lemon” (i.e.: expenses exceed depreciation), which may warrant an early retirement date.
- Analysis if the vehicle no longer has a useful purpose or is in sufficiently poor shape to warrant an early retirement date.
- Sufficient mechanical or structural damage caused by an accident or abnormal wear.
- A mechanical analysis supporting the early retirement of a vehicle.

2-STAFF-7

Ref: Exhibit 2, Section 5.3.5

Preamble:
Orangeville Hydro notes that it considers CDM as part of its planning process to determine whether CDM can be considered a viable alternative to any of Orangeville Hydro's planned investments over the forecast period. However, no viable CDM alternatives have been identified currently. As a result, there are no CDM activities currently planned over the forecast period. Orangeville Hydro will continue to consider the ability to use distribution rate funded CDM to potentially defer or avoid investments. Orangeville Hydro will monitor the availability of new CDM programs and activities to offer our customers under future CDM Frameworks.

Question(s):

a) Please describe how Orangeville Hydro has determined that there are no viable CDM alternatives to any of its planned investments. Has Orangeville Hydro identified which of its planned investments are driven by peak demand and could therefore potentially be addressed through CDM?
b) Has Orangeville Hydro considered developing CDM activities on its own initiative (outside of any provincial CDM Framework) to address a system need?

Response:

a) Within the 2024-2028 planning period there are no planned investments mainly driven by system-wide peak demand that could be addressed through CDM. The system access projects are mainly driven by the infrastructure requirements for new connections and customer driven upgrades. The system renewal projects are mainly driven by failed, failing, or deteriorated assets. The system service projects are mainly driven by the voltage conversion program.

   The planned system access projects related to upgrading capacity are new or upgraded connections and are related to the infrastructure near the load such as connection assets and equipment near the demarcation point. These projects are not commonly the focus of CDM programs.

b) There has not been a system need identified that CDM would be considered a useful solution.

2-STAFF-8

Ref 1: Appendix 2-ZB
Ref 2: Ontario Electricity Rebate

Preamble:
In reference 1, Cell B164 shows the Ontario Electricity Rebate (OER) Credit of 11.7%.
In reference 2, the OEB announced an update to the OER on October 19, 2023. The OER rate has increased to 19.3% as of November 1, 2023.

Question(s):

a) Please update the OER Credit in cell B164 to 19.3% and update other evidence affected by this change.

Response:

a) In Appendix 2-ZB of file OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119, OHL updated the following:
   - OER rate from 11.7% to 19.3%
   - RPP rates for OEB Regulated Price Plan Price Report November 1, 2023 to October 31, 2024
   - RRRP from $0.0007 to $0.0014 (EB-2023-0268)
   - Loss Factor
   - Updated Network and Connection per EB-2023-0030

2-STAFF-9

Ref 1: Distribution System Plan, p. 6
Ref 2: Distribution System Plan, pp. 43 and 44
Ref 3: Distribution System Plan, p. 46
Ref 4: Distribution System Plan, Appendix E, Material Investment Narrative, p. 12

Preamble:
In reference 1, Orangeville Hydro states that "OHL does not expect significant electrification of transportation or building will factor into the forecast period".

Reference 2 outlines the five elements of its asset management process: Information Systems, Decision Support, Planning, Plan Execution, Continuous Improvement. Under "Decision Support", Orangeville Hydro states that "This includes load forecasting, where OHL looks to continually improve to take account for items such as potential increase in EV vehicles, building electrification etc. Where appropriate OHL also would carry out a sensitivity analysis to account for uncertainty it forecasts".

Reference 3 states "With a focus on an increase in potential electrification of both vehicles and building heating, OHL has begun to look at the potential impact these could have on OHL's network".

Reference 4 states that Orangeville Hydro is "forecasting upward pressure on the average quantity of service upgrades because of electric vehicle chargers and heat pumps".
For clarity, the following questions relate to the system planning load forecast as referenced in the Distribution System Plan and not the Exhibit 3 billing determinant load forecast.

Question(s):

a) Relating to reference 1, please provide how much load due to electrification Orangeville Hydro did predict for the forecast period, and what it would consider significant?
b) Relating to reference 1, how does the forecast amount of electrification align with federal and provincial policies relating to increased electrification of transportation and buildings (e.g., EV sales targets)?
c) Relating to reference 2, has Orangeville Hydro conducted sensitivity analysis on the latest load forecast? If so, what were the results?
d) Relating to reference 3, what data source does Orangeville Hydro use to inform the potential impact of EVs and space heating?
e) Relating to reference 4, can Orangeville Hydro provide data for how many upgrades to date relate directly to either EVs or heat pumps?

Response:

a) OHL stated, "OHL does not expect significant electrification of transportation or building will factor into the forecast period." within Section 5.2.1.2.1 System Access. This statement was not referring to load, energy usage or peak demand.

   This statement was referring to OHL not expecting a significant impact to System Access projects due to the installation of behind-the-meter customer-owned EV charging equipment and heat pumps from 2024 – 2028. During this 5-Year period, OHL does not expect a significant impact to System Access projects from:

- new dedicated connections for EV charging equipment,
- upgraded general service connections due to electrification requiring capital improvement/upgrades to OHL owned infrastructure, or
- upgraded residential services due to electrification requiring capital improvement/upgrades to OHL owned infrastructure.

In this specific circumstance, OHL would consider it significant if the impact from electrification was the root cause for a material change in the quantity, size, and/or cost of System Access projects. While this is a possibility in the future, OHL does not expect a significant impact during the 2024-2028 forecast period.

b) OHL stated, "OHL does not expect significant electrification of transportation or building will factor into the forecast period." within Section 5.2.1.2.1 System Access.

This statement was referring to OHL not expecting a significant impact to System Access projects due to the installation of behind-the-meter customer-owned EV charging equipment and heat pumps from 2024 – 2028. OHL does not expect a significant impact to System Access projects from:

- new dedicated connections for EV charging equipment,
- upgraded general service connections due to electrification requiring capital improvement/upgrades to OHL owned infrastructure, or
- upgraded residential services due to electrification requiring capital improvement/upgrades to OHL owned infrastructure.

OHL is not aware of Canada-wide or Ontario-specific targets for heat pumps. OHL is not aware of Ontario-specific EV sales targets.

The Canada-wide sale EV sales targets for **new vehicles** under "Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations: SOR/2023-275" (registered December 15, 2023) are:

Item	Column 1 Model Year	Column 2 ZEV Requirements
1	2026	0.20
2	2027	0.23
3	2028	0.34
4	2029	0.43
5	2030	0.60
6	2031	0.74
7	2032	0.83
8	2033	0.94
9	2034	0.97
10	2035 and subsequent	1

The targets begin in 2026 and increase until reaching 100%.
During the forecast period of 2024-2028, the Federal Government set Canada-wide EV sales targets for new vehicles of 20% in 2026, 23% in 2027, and 34% in 2028.

With these Canada-wide targets in 2026, 2027, and 2028, there is uncertainty on the impact to System Access projects within OHL's service area due to the following reasons:

- These are Canada-wide targets, therefore, the exact impact to OHL's service area is unknown
- Not all vehicle purchases will result in a System Access project because:
  - i) The existing customer-owned and OHL-owned service equipment may have the required capacity
    - The existing 120/240V 100 Amp service is sufficient
    - The existing 120/240V 200 Amp service is sufficient
    - The existing commercial/industrial service is sufficient ; or
  - ii) The customer-owned equipment may require an upgrade meanwhile the OHL-owned service equipment may have the required capacity
    - As an example, the customer upgrades from a 120/240V 100Amp to 200Amp panel but the existing OHL-owned service conductor is rated for 200 Amps. Therefore, there is no impact to System Access as the OHL-costs (labour & trucking) for the Disconnect & Hold would be assigned to 5070/5075 - Customer Premises

As a practical example, there are eight public EV Charging locations within OHL's service area. Six out of the eight locations did not result in a System Access project as the existing OHL-owned and customer-owned service equipment had the required capacity. The remaining two locations resulted in new connections projects (one in 2018 and one in 2021).

c) OHL has not completed a sensitivity analysis specifically for the impact of electrification.

d) OHL tracks the existing EV chargers within our service area through the following sources:

- Freedom of Information request from the Electrical Safety Authority for a list of known EV Charger installation (with a permit)
- Ministry of Transportation's Electric Vehicles in Ontario – By Forward Sortation Area database
- Ministry of Transportation's Electric Vehicles in Ontario – By Full Six-Digit Postal Code database

OHL tracks large loads within our service area regardless of technology through:

- Transformer Loading Monitoring through ODS
- New/Pilot "Large Load Finder" through ODS

To date, the most useful tracking tools are ODS's Transformer Loading Monitoring and the demonstrations of the New/Pilot "Large Load Finder".

Additionally, OHL becomes aware of some electrification installations, such as heat pumps, through high usage complaints from customers.

e) OHL does not require customers to declare the purpose for service upgrades or panel changes. Therefore, OHL does cannot provide this data.

2-STAFF-10

Ref 1: Distribution System Plan, Table 5.2-4, p. 28
Ref 2: Distribution System Plan, Table 5.2-14, p. 39
Ref 3: Distribution System Plan, Table 5.2-15, p. 40

Preamble:
In reference 1, the justifications for SAIDI and SAIFI targets table identifies a November 2020 outage due to a "foreign interference dig-in incident wherein a private contractor was excavating on an industrial property. The customer-owned fuses did not clear the fault before the M26 Feeder breaker operated which caused an outage to 4,170 customers". The table also indicates a September 2021 outage from a rainstorm that led to a "large tree falling onto the M25 Feeder".

In reference 2, the Customers Interrupted Numbers by Cause Codes table identifies 11,936 customers impacted by Cause Code 6-Adverse Weather in 2022. The 2022 data represents 97% of all customers impacted by adverse weather from 2018 to 2022. Similarly, in reference 3, the Customer Hours Interrupted Numbers (rounded) by Cause Codes table notes that 31,772 hours of outages in 2022 were from the 6-Adverse Weather Cause Code. The 2022 data represents 90% of all customer hours interrupted from 2018 to 2022.

Question(s):

a) In relation to reference 1, did any of the outages result in a review and/or changes to Orangeville Hydro's policies or procedures to reduce such events in the future?

b) In relation to references 2 and 3, there is a notable increase in customer interruptions (CI) and hours (CHI) for Cause Code "6-Adverse Weather" in 2022. Please describe the weather events that were responsible for the increased impact to customers and what steps Orangeville Hydro is taking to limit the impact in the future.

Response:

a) After the November 2020 dig-in incident, OHL worked with the customer to ensure that the customer-owned fuses were replaced with new fuses that would operate properly in the event of a future fault. OHL also worked with a third-party engineering firm and Hydro One review the protection coordination settings on the Hydro One owned relays within the Orangeville TS. As a result of the review, OHL has requested changes to the settings to improve co-ordination between the upstream breaker and downstream fuses. These two changes are in addition to OHL's continued outreach efforts to inform customers and their contractors to excavate safely.

After the September 2021 tree incident, OHL patrolled the distribution system to identify additional high-risk road-authority owned trees. Three additional trees were identified. Two trees were removed by the owner. The third tree was cut back by OHL staff. This effort was in addition to OHL's continued vegetation management program.

b) The 2022 Adverse Weather outages all occurred during the December 23 & 24, 2022 Blizzard. The details of this Major Event can be found in the Major Event report here: https://orangevillehydro.on.ca/wp-content/uploads/2023/02/Major-Event-Follow-Up-.pdf To limit the impact in the future, OHL is replacing the existing automatic tension sleeves with full-tension compression sleeves under project H00-SLEEVE.

2-STAFF-11

Ref 1: Distribution System Plan, p. 49
Ref 2: Distribution System Plan, p. 50

Preamble:
In reference 1, Orangeville Hydro discusses its advanced metering infrastructure and states that "The AMI has reduced the trucking and labour required to analyze the voltage at service delivery points".

In reference 2, Orangeville Hydro states that it is making use of smart meters to receive notifications of "Power Fails, Power Restores, Voltage Dips and Meter Tampers".

Question(s):

a) Has Orangeville Hydro quantified the impact of the AMI networks in terms of dollars saved. Please provide the information if so?

Response:

a) OHL has not quantified the impact of the AMI network over the last 14 years.

2-STAFF-12

Ref 1: Distribution System Plan, p. 49
Ref 2: Distribution System Plan, p. 53

Preamble:
Reference 1 discusses growth studies and states that "OHL monitors the development of any relevant studies annually to appropriately adapt and reflect current conditions and projections within its plans".

Reference 2 describes population growth for Orangeville and Grand Valley as follows: "At the time of the review, Orangeville's population was 29,540 and is forecasted to reach a population of 36,490, a growth of 6,950 persons. Furthermore, Grand Valley is anticipated to have an accelerated population and employment growth over the coming year. Population growth is forecasted to increase from 2,965 people to 7,478 people by 2031".

Question(s):

a) In relation to reference 1, what data informs Orangeville Hydro's assumption for average consumption by dwelling type when considering development growth in the region?
b) In relation to reference 2, how does the population growth in percentage terms match to the distribution system plan forecast load growth for Orangeville Hydro?
c) In relation to reference 2, what upgrades or expansions, if any, would be required to serve this growth?

Response:

a) OHL uses sources such as existing customer metered usage as well as Utilities Standard Forum's design standards for Recommended Transformer Sizing.

b) Long-term population growth projections did not have a direct impact on the 2024 Test Year Load forecast.

   For the 2024-2028 Distribution System Plan, OHL included the expected subdivision developments that OHL is aware of.

c) The 2024 – 2028 Distribution System Plan includes the costs for the expansions required for the expected subdivision developments that OHL is aware of.

   The subdivision and infill developments will all require connection assets to connect the new customers. For larger subdivisions, the primary distribution system will need to be expanded into the subdivision lands to meet the servicing requirements of the development.

   Beyond the known developments, there is a significant amount of uncertainty regarding the impact of the projected population growth stated within the municipal documents. The uncertainty arises from areas such as:

   - Will the population growth arise from infill developments requiring minimal to no expansion beyond the connection assets
   - Will the population growth arise from greenfield developments requiring the primary distribution system to be expanded to meet the servicing requirements of the development

- Will the growth in Grand Valley occur inside or outside of OHL's service area

Due to this uncertainty around the details of the potential population growth, it is not reasonable to know the specific design details.

2-STAFF-13

Ref: Distribution System Plan, p. 53

Preamble:
Orangeville Hydro states that "The older area of the Town of Orangeville is supplied with three 4.16kV sub-stations with a total of 6 feeders. OHL monitors the peak amperage with ammeters that are read every month".

Question(s):

a) Does Orangeville Hydro track the number of residential customers with 100 amp and 200 amp service in terms of future upgrades relating to increased electrification?
   i) If so, does the tracking reflect future upgrades relating to increased electrification?
b) For Orangeville Hydro's basic connection per the Distribution System Code Section 3.1.4, does Orangeville Hydro use a 100 amp or 200 amp service?

Response:

a) OHL does not track the size of residential customer-owned service mains.
   i) N/A

b) OHL's Rate Order (Tariff of Rates and Charges) for a Residential Service Classification defines the Basic Connection as a 100 amp 120/240 volt overhead service.

   From EB-2022-0056 – Residential Service Classification:

   "This classification refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units duplexes or triplexes. Basic connection is defined as 100 amp 120/240 volt overhead service. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service."

2-STAFF-14

Ref 1: Distribution System Plan, p. 69
Ref 2: Distribution System Plan, p. 70
Ref 3: Distribution System Plan, p. 78

Preamble:
In reference 1, in discussing planned vs actual variances, Orangeville Hydro states that they are "identifying in advance that some variances are significantly high in some years for a few categories". For example, having planned to spend $1.1 million on system service in 2022, the actual spend was $2.2 million.

Reference 2 states that it has met its targets for historical capital expenditures, noting that the 11% variance for total expenditures "can be attributed to the 2022 fiscal year, which was caused by increased material cost and a large fiber project where it was beneficial for OHL to bury duct jointly with the fiber company".

Reference 3 notes that the increase in system renewal expenditures in 2024 "is driven by a sleeve replacement program and the higher cost of materials".

Question(s):

a) In relation to reference 1, was this additional expense relating to cost overrun of a specific project, or reflective of a broader trend that may impact other projects?
b) How were the increased material costs projected in the Distribution System Plan for the test year? What assumptions and/or inflation factors were used?

Response:

a) The additional expense is related to both a specific project and reflective of a broader trend.

   Specific Project: Originally, OHL planned on completing the voltage conversion project B118 in 2022 and B120 and B122 in future years. Once OHL became aware of a large fiber project in the area of all three projects, it was decided to bury the duct jointly with the fiber company. This brought costs that were planned for future years into 2022.

   Broader Trend: There is also a broader trend of inflationary increases for material and contractors that impacted costs in 2022. The cost increases for materials such as duct, primary cable, and transformers impacted the 2022 System Service variances.

b) For the 2024 Test Year material costs, OHL used predicted costs based on recent purchases and modified further if deemed necessary based on the information available.

2-STAFF-15

Ref 1: Distribution System Plan, Appendix B, OHL's Asset Condition Assessment, p. 44
Ref 2: Distribution System Plan, Appendix B, OHL's Asset Condition Assessment, pp. 44 - 45

Preamble:
In reference 1, the Asset Condition Assessment provides a recommendation on the Health Index (HI). The report states that "Wood Poles, Pole Mount Transformers and Overhead Conductors make up the most significant contribution to the total population of Poor and Very Poor units. This insight suggests a poorer condition of assets that make up the overhead distribution system and could be an area to target in System Renewal efforts. METSCO suggests that OHL focus its efforts on further refining its understanding of the assets in the Poor/Very Poor categories and use any resulting insights to drive its specific asset intervention decisions in the near term and inform the longer-term AM (asset management) strategy more broadly".

In reference 2, the Asset Condition Assessment provides a recommendation on data availability. The report states that "As part of future improvement opportunities, it is recommended that OHL continue capturing asset data for condition parameters that are currently available for a small proportion of the asset population. Inspection records for wood poles and in-line switches indicate the beginnings of a comprehensive data record, but as indicated in their respective DAI (Data Availability Index) tables, low data availability is present for multiple condition parameters. In addition to this point regards the age data for Overhead Conductors and Underground Cables. While the age extrapolation method discussed in this report is a reasonable approach in assuming conductor age, empirical age data is a preferred input to the HI calculation. Moving forward, METSCO recommends OHL to record conductor installation year within its GIS system. It is expected that with every passing year, the inspection record database will continue to grow and be refined, allowing for HI to be calculated more reliably".

Question(s):
a) In relation to reference 1, how has or is Orangeville Hydro responding to recommendation from METSCO relating to the Health Index?
b) In relation to reference 2, how has or is Orangeville Hydro responding to the recommendation from METSCO relating to Data Availability?

Response:

a) In Section 5.1 - Health Index Enhancements, METSCO states that wood poles, pole mount transformers, and overhead conductors make up the most significant contribution to the total population of Poor and Very Poor units. METSCO suggests that OHL focus its efforts on further refining its understanding of the assets in the Poor / Very Poor categories. As stated above, OHL expects the new ESRI GIS to assist with streamlining capturing asset condition parameters efficiently. This will assist in refining the data in the Poor/Very Poor categories. Additionally, for wood poles, OHL forecasts to replace 17 poles per year under the P00-2024 Pole Replacement Program. This program targets poles in the poor and very poor categories. OHL's ongoing voltage conversion program also results in the replacement of poles and pole mount transformers in poor and/or very poor condition. The voltage conversion program also eliminates rear lot overhead conductor that is in poor and/or very poor condition.
b) In Section 5.2 - Data Availability Improvements, METSCO recommends for OHL to record conductor installation years within its GIS system. In 2024, OHL plans to

transition to a new GIS (ESRI) under GP 2024-4 Computer Software. OHL expects to record the conductor installation year within the new ESRI GIS system. OHL expects the new ESRI GIS to assist with streamlining capturing asset condition parameters efficiently.

2-STAFF-16

Ref 1: Distribution System Plan, Table 5.3-6, p. 55
Ref 2: Distribution System Plan, Appendix B, Asset Condition Assessment, p. 5
Ref 3: Distribution System Plan, Appendix E, Material Investment Narrative, p. 15
Ref 4: Distribution System Plan, Appendix E, Material Investment Narrative, p. 37
Ref 5: Distribution System Plan, Appendix E, Material Investment Narrative, p. 42

Preamble:
In reference 1, The Asset Condition Assessment Overall Results table indicates the asset class, the population, the health index and the data availability index for Orangeville Hydro's assets.

In reference 2, the Asset Condition Assessment report by METSCO defines a "poor" rating as having "widespread serious deterioration" and suggests starting "the planning process to replace or rehabilitate" the asset, considering the risk and consequences of failure. "Very poor" assets are defined as "extensive serious deterioration", noting that the asset has "reached its end-of-life", suggesting that risk should be immediately assessed, and the asset should be replaced or refurbished based on the assessment.

In reference 3, Orangeville Hydro discusses its plans for switchgear and transformer replacements. The report states that "OHL's population of PME switchgear has experienced failures leading to large feeder-wide outages. In addition to this, the existing mild steel units are experiencing excessive corrosion from road, sidewalk, and parking lot salt due to winter maintenance activities. The excessive corrosion poses a risk to both reliability and public safety. OHL has begun a formal annual replacement program. OHL forecasts to replace one PME switchgear each year under this renewal program".

For transformers, the report states that "This program includes both the proactive and reactive replacement of transformers. OHL forecasts to replace nine transformers per year under this program. Since this program includes reactive replacements, the quantity and costs will fluctuate from year to year".

In reference 4, regarding wood pole conditions and replacement, Orangeville Hydro states that they are forecasting to "replace 17 poles per year under this program. This represents approximately a 1% replacement rate".

In reference 5, Orangeville Hydro states that they are "proposing to proactively replace the identified poor and very poor condition poles on a like for like basis and upgrade them to the latest standards where they don't currently meet it".

Question(s):
a) Please comment on whether the proposed replacement rates for PME switchgear, transformers and poles is sufficient to avoid or limit failures considering the amount of assets in the "very poor" category?

Response:

a) OHL considers the overall Distribution System Plan sufficient to avoid or limit failures while balancing the impact to customers rates.

OHL replaces existing infrastructure under System Access, System Renewal, and System Service projects.

In addition to the System Renewal program for transformers, OHL replaces existing transformers under System Service projects such as the voltage conversion program. The voltage conversion program replaces the older 4.16kV assets with new 27.6kV assets. The poor and very poor rear-lot pole mounted 4.16kV transformers are replaced with new front lot transformers.

The voltage conversion program also eliminates rear lot overhead conductor that is in poor and/or very poor condition.

In addition to the System Renewal pole replacement program, poles are also replaced under System Access and System Service projects. In addition to replacements, the voltage conversion program allows for 4.16kV conductor to be removed from multi-circuit pole lines reducing the loading on existing poles.

2-STAFF-17

Ref 1: Distribution System Plan, Appendix E, Material Investment Narrative, p. 38
Ref 2: Distribution System Plan, Appendix E, Material Investment Narrative, p. 39

Preamble:
In reference 1, the historical and future capital expenditures for 2018 to 2028 is provided for pole replacements, with future costs estimated at $148,000 from 2024 to 2028, compared to lower historical costs (e.g., 2023 costs were $67,000).

In reference 2, average unit prices are provided for historical replacement by year. The factors impacting costs are indicated but are not related to specific quantitative impacts on the costs. The 2022 actual unit price for pole replacement was $5,482 and the forecast unit price for 2024 is provided as $8,700 per pole, noting inflationary pressures.

Question(s):

a) In relation to references 1 and 2, please provide additional details for the increased per unit cost for pole replacement in 2024.
b) What is Orangeville Hydro's actual pole replacement cost per unit to date in 2023?

Response:

a) A 55' wood cedar pole which used to cost $979.00 in 2014 was purchased for $2,918.58 in 2023, which represents a 198% increase in cost.

b) OHL's actual pole replacement cost per unit is $21,815.54 for one pole in 2023. Costs incurred during 2023 related to 2022 installed poles where OHL had to wait for joint use equipment to be moved in order to remove the old poles.

2-STAFF-18

Ref 1: Distribution System Plan, Summary of System Configuration, p. 52
Ref 2: Distribution System Plan, Appendix E, Material Investment Narrative, p. 44

Preamble:
The system service investments relating to voltage conversion to 27.6 kV are provided as specific projects for the 2024 year.

Question(s):

a) What is the decommissioning plan for each of the remaining 4.16kV substations?

Response:

a) Based on the planned investment related to voltage conversion, OHL plans to decommission the remaining three 4.16kV stations approximately in the below years:
   - MS2 in 2026
   - MS3 in 2029
   - MS4 in 2029

2-STAFF-19

Ref: Distribution System Plan, Appendix E, Material Investment Narrative, M00-STOCK-2024 Meter Replacement and Additions

Preamble:
Orangeville Hydro has 13,333 revenue meters. Orangeville Hydro states that residential and GS <50kW were equipped with smart meters in 2009 and 2010 and it plans to replace 7,418 smart meters in the period from 2024 through 2028, to begin paced renewal program of smart meters.

Question(s):

a) Will the 7,418 smart meters replaced in 2024 through 2028 replace the full amount from the original 2009 and 2010 install.
   a. If not, when will the original installed amount replacement be completed?
b) Please explain why replacement of the original smart meters is required versus an additional seal extension.

Response:

a) In the Material Investment Narrative for M00-STOCK-2024 Meter Replacement and Additions, OHL stated:
"(1) Purchase of new residential and commercial meters for new installations, to replace failed existing meters, and to begin a paced renewal program for existing smart meters. OHL is looking to purchase new meters each year over the forecast period. The forecasted quantities for purchase are: 1,202 in 2024, 1,424 in 2025, 1,656 in 2026, 1,424 in 2027, and 1,712 in 2028."

   The 7,418 meters in the above statement are being purchased for three reasons:
   1. New installations
   2. Replace failed existing meters
   3. Begin a paced renewal program for existing smart meters.

   5,900 of the 7,418 meters are planned for the paced renewal program. The 5,900 meters is not enough to replace the full amount from the original 2009 and 2010 install.

      a. If OHL continued at this pace, the full amount of the original 2009 and 2010 install would be replaced by approximately 2031.

b) OHL's original 2010 meters received an 8-year seal extension to 2028. Since not all of these meters will be replaced through the paced replacement program, the remaining meters will be planned for an additional 6-year seal extension to 2034.

   OHL's paced replacement program plans to minimize the risk of a very large population of meters failing sample testing in future years, minimize the future risk of the legacy original smart meters failing at an increased rate, and to reduce the otherwise inevitable large lumpy replacement program that would be required to replace all the original meters at once when seal extensions would no longer be available.

2-STAFF-20

Ref: Exhibit 2, Distribution System Plan, P. 80

Preamble:
In its DSP, Orangeville Hydro states that:

> *The 2024 expenditures are due to a much-needed roof replacement, a new industry standard of GIS, a financial software upgrade and an enhanced customer portal. OHL's existing customer portal is no longer being supported and is increasing cybersecurity concerns.*

Orangeville Hydro also provides the forecasted costs for general plant in 2024 to 2028 in Table 5.4-13. OEB staff has reproduced the costs for computer software as below:

Category	2024	2025	2026	2027	2028	Total
Computer Software	$197,380	$107,000	$32,000	$32,000	$32,000	$400,380

Question(s):

a) Please confirm that the financial software upgrade noted in the preamble is included in this category. If that is not the case, please explain which asset category in Table 5.14-13 the financial software upgrade is included.
b) Please explain if Orangeville Hydro has considered cloud-based solution for its financial software instead of incurring the cost to upgrade the existing financial software.
    i) If so, please provide the details of the considerations. If not, why not.

Response:

a) The $30,000 financial software upgrade has been included in the 2024 budget.
b) OHL has not considered cloud-based solution for its financial software at this point. The Accounting Order dated November 2, 2023, Accounting Order Cloud Implementation Costs means that OHL will be putting more consideration into it in the future.
    i) Implementing a new accounting software would involve significant planning, cleaning up of records in old system, software installation, accounting system configuration and training. OHL has many modules, including timesheet, payroll and job costing in its current system which allows OHL to track expenditures. Customer refunds are currently configured so that they can be imported from the billing system into the financial software. Implementing a cloud-based financial software would require quite a bit of personnel effort.

EXHIBIT 3 – CUSTOMER AND LOAD FORECAST

3.0-VECC-11

Ref: Exhibit 3, page 4

Preamble:
The Application states:

> "*The load forecast methodology utilized to prepare OHL's 2024 customer and load forecast is largely consistent with that used in OHL's last Cost of Service (EB-2013-0160).*"

Question(s)

a) How does the load forecast methodology differ from that used in OHL's last Cost of Service (EB-2013-0160)?

Response:

a) Below is a comparison of coefficients used for the regression analysis. The 2014 Heating Degree Days and Cooling Degree days came from Orangeville MOE which ceased to report in 2015. In 2024, OHL used Toronto Intl A station. In 2014, there was a variable for CDM activity, which was not used in 2024 as the effect of CDM programs is included in the past 10 years of purchased volumes. In 2024, a trend variable was used in order to trend the kWh down, as the 2014 load forecast was not realized until much later years. An employment variable was not used in 2024, but a covid flag was introduced in the 2024 load forecast.

Coefficients	2014	2024
Heating Degree Days	Y	Y
Cooling Degree Days	Y	Y
Number of Days in Month	Y	Y
Spring Fall Flag	Y	Y
Number of Peak Hours	Y	Y
CDM Activity	Y	N
Number of Customers Res and GS<50	Y	Y
Trend	N	Y
Employment (000's)	Y	N
covid Flag	N	Y

3.0-VECC-12

Ref: Exhibit 3, pages 12 and 15

Preamble: The Application states:

> *"OHL incorporated a Covid-19 flag in April 2020 due to much lower purchased power as a result of the closing of certain manufacturers during this time."* (page 12)
>
> *"In early 2020, the Covid-19 global pandemic brought about the rapid spread of a relatively new and 6 unknown virus, resulting in significant alterations to the lives and habits of OHL's customers, including their electricity consumption. OHL incorporated a Covid-19 flag variable to take this into consideration, focusing on April 2020 where the impact to wholesale power purchased was most notable."* (page 15)

Question(s)

a) Did OHL test any other COVID flag variables to determine if they provided statistical results?
b) If yes, what were they and why were they rejected?

Response:

a) No. April 2020 was clearly an outlier. Also see 3-Staff-22, part e.

b) n/a

3.0-VECC-13

Ref: Exhibit 3, page 10
Preamble:
The Application states (page 10):

> *"An equation to predict total system purchased energy is developed using a multivariate regression model with the following independent variables: weather (heating and cooling degree days), calendar variables (days in month, peak hours, and spring/fall flag), trend variable and Covid-19 flag. The regression model uses monthly wholesale purchased kWh and monthly values of the above noted independent variables from January 2013 to December 2022 to determine monthly regression coefficients."*

Question(s)

a) Do the monthly total system purchases include purchases from microFit and other embedded generators?

Response:

a) OHL confirms that the monthly total system purchases include purchases from microFit and other embedded generators.

3.0-VECC-14

Ref: Exhibit 3, pages 13 & 14

Preamble:
The Application states:

> *"OHL incorporated a trend variable and held the value flat at 120 for 2023 and 2024 in a manner consistent with PUC Distribution's recently OEB approved EB-2022-0059 Settlement Proposal."*

Question(s):

a) It is noted that the coefficient for the Trend variable is positive (page 14, Table 3-16). To what factors does OHL attribute the Trend variable having a positive coefficient?
b) Please confirm that in its EB-2022-0059 application PUC included a manual adjustment to the test year (2023) load forecast to account for CDM and that OHL has not included a similar adjustment in its load forecast for the test year.

Response:

a) The Trend variable having a positive coefficient suggests that over time there is an increase in usage in the OHL service area that is not captured with the other variables used in the regression analysis.
b) OHL confirms that after a second review of the EB-2022-0059 application, PUC included a manual adjustment to the test year (2023) load forecast to account for CDM and that OHL has not included a similar adjustment in its load forecast for the test year as the impact of programs is included in the past 10 years of purchased volumes.

3.0-VECC-15

Ref 1: Exhibit 3, page 14

Please provide a schedule that sets out: i) the monthly purchases for 2023 for those months where actual data is available and ii) the predicted values for the same months using OHL's regression model, the actual values for the various explanatory variables and OHL's proposed 2023 values for the Trend Variable.

Response:

a) Monthly purchases are available to the end of September 2023. In October 2023, there was a load transfer with Hydro One and the data is not yet available.

kWh	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Sept YTD Total
Actual monthly purchases	24,583,663	22,002,708	23,768,845	21,333,714	21,691,788	22,454,588	24,590,953	23,090,323	21,567,773	205,084,354
Predicted values	24,643,838	22,645,874	23,924,454	21,254,084	21,600,401	21,778,341	23,768,587	23,929,986	21,208,131	204,753,697
Difference	- 60,176	- 643,167	- 155,608	79,630	91,387	676,248	822,366	- 839,663	359,641	330,658

The actual values for the same months for the number of days in month, Spring/Fall flag, Number of peak hours and covid flag are the same. The actual vs predicted values for the other explanatory variables are as follows:

HDD	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Sept YTD Total
Actual values	585	543	531	276	154	16	-	7	26	2,138
Predicted values	708	639	550	347	140	23	1	3	50	2,462
Difference	- 122	- 96	- 19	- 71	14	- 7	- 1	4	- 24	- 324

CDD	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Sept YTD Total
Actual values	-	-	-	7	15	59	128	71	47	327
Predicted values	-	-	-	-	25	70	141	125	49	409
Difference	-	-	-	7	- 10	- 11	- 13	- 54	- 2	- 82

Trend	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Sept YTD Total
Actual values	121	122	123	124	125	126	127	128	129	1,125
Predicted values	120	120	120	120	120	120	120	120	120	1,080
Difference	1	2	3	4	5	6	7	8	9	45

The load forecast has been updated to include September YTD numbers and variables.

3.0-VECC-16

Ref 1: Exhibit 3, page 15
Ref 2: Load Forecast Model, Rate Class Customer Model Tab

Preamble:
The Application states:

> *"The customer/connections forecast is based on reviewing historical customer/connections data as 19 shown in the following table below. The annual customer/connections data is based on the annualized average of monthly count as opposed to the end of year count. The 10-year average annual increase in customer/connection by rate class is applied to the 2023 Bridge Year and 2024 Test Year. Residential increases for 2023 and 2024 are based on actual expected connections."*

a) Please provide a schedule that sets out the customer count for each customer class as of: i) June 2023 and ii) the most recent month for which actual data is available.

Response:

a) Please refer to 3-Staff-21.

3.0-VECC-17

Ref: Exhibit 2, Appendix 2-C, page 63

Preamble:
The Application states:

> *"The IESO has not determined OHL's service area as a focus area for the Local Initiatives Program under the 2021 – 2024 Conservation and Demand Management Framework"*

a) Is OHL aware of any uptake of IESO programs under the 2021 – 2024 Conservation and Demand Management Framework in its service area?

Response:

a) OHL is not aware of any uptake of IESO programs under the 2021 – 2024 Conservation and Demand Management Framework in its service area.

3-SEC-16

Ref 1: Exhibit 3, Appendix 2-IB

Please provide actuals to date for the load forecast and customer/connection numbers for the Bridge Year 2023 and revise the 2023 and 2024 load forecast and customer/connection numbers as required.

Response:

The revised load forecast has been provided in excel file named OHL 2024 Load Forecast Model 20240119.

3-SEC-17

Ref 1: Exhibit 3, p. 15, Table 3-19

Preamble:
Orangeville Hydro states 'The 10-year average annual increase in customer/connection by rate class is applied to the 2023 Bridge Year and 2024 Test Year.'

a) Please confirm that the 2014-2022 (9 years) average increase in customers for the GS > 50 kW class is 1.0%.
b) Please explain why Orangeville Hydro has used a 0.10% growth rate in preparing the load forecast, given the statement above.

Response:

a) OHL does not confirm this. OHL used 0.0010 multiplied by 100, which is 0.1%.

b) OHL confirms that it has used a 0.1% growth rate for the GS>50 number of customers.

3-STAFF-21

Ref 1: Exhibit 3, p. 6
Ref 2: Load Forecast Model, Tab Rate Class Customer Model

Preamble:
The customer/connection, energy and demand forecasts rely on historic actual data from 2013 to 2022.
A manual adjustment has been made to the residential forecast to forecast 46 connection additions from the most recent historical count in 2023 (resulting in 80 customers over 2022 average), and a further 119 connection additions in 2024. The geometric mean growth rate provided in the model is 1.35%. OEB staff calculates that this would result in 156 customer additions in 2023 and 159 customer additions in 2024.
Question(s):

a) Please provide monthly customer connections for all rate classes for all months available in 2023.
b) Please provide monthly energy and demand for all rate classes for all months available in 2023.
c) Please explain why the manual customer additions apply to residential, but not the historic geometric average growth of 1.35%.
d) Please provide the number of subdivision connections connected in each year from 2014 to 2022 and expected each year in 2023 to 2024.

Response:

a) Please see table below.

Customer Type	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Residential	11,561	11,570	11,579	11,585	11,595	11,595	11,613	11,622	11,639	11,657	11,668	11,668
GS<50	1,161	1,159	1,160	1,160	1,158	1,158	1,158	1,158	1,175	1,174	1,175	1,175
GS>50	125	126	126	126	126	126	126	126	126	126	126	127
Sentinel Lights	157	157	157	157	157	157	157	157	157	157	157	157
Street Lights	2,985	2,985	2,985	2,985	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952
UMS	98	98	98	98	98	98	98	98	98	95	95	95
Total	**16,087**	**16,095**	**16,105**	**16,111**	**16,086**	**16,086**	**16,104**	**16,113**	**16,147**	**16,161**	**16,173**	**16,174**

b) Please see tables below.

kWh Billed without losses	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Residential	8,634,958	7,888,077	8,098,654	6,919,399	6,772,082	7,546,038	9,010,757	7,770,745	7,105,585
GS<50	3,262,459	3,032,151	3,238,356	2,747,740	2,743,698	2,776,033	2,965,102	2,805,946	2,614,643
GS>50	11,648,699	10,385,749	11,419,928	10,387,969	11,069,800	11,073,173	11,555,629	11,554,294	10,884,033
Streetlight	93,598	83,613	75,376	62,526	56,408	48,266	51,071	61,304	67,763
Sentinel Light	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261
Unmetered	31,278	30,794	30,794	30,794	30,794	30,794	30,794	30,794	30,794
Subtotal (no WMP	**23,679,252**	**21,428,646**	**22,871,369**	**20,156,689**	**20,681,043**	**21,482,565**	**23,621,615**	**22,231,344**	**20,711,079**
WMP	197,393	175,689	195,125	198,952	216,522	226,798	242,514	236,202	222,094
Total with WMP	23,876,645	21,604,335	23,066,493	20,355,640	20,897,566	21,709,363	23,864,129	22,467,547	20,933,173

kW Billed	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
GS>50	25,850	26,292	25,343	26,865	28,356	28,334	28,190	27,896	28,885
Streetlight	203	200	200	200	200	200	200	200	200
Sentinel lights	23	23	23	23	23	23	23	23	23
Subtotal (no	**26,076**	**26,515**	**25,565**	**27,088**	**28,579**	**28,556**	**28,413**	**28,119**	**29,108**
WMP	383	371	374	465	492	513	513	500	520
Total with WM	**26,459**	**53,401**	**51,504**	**54,641**	**57,650**	**57,626**	**57,339**	**56,737**	**58,735**

c) In d) below, 2017 saw a very large increase in residential connections due to connection of a large subdivision. Applying a manual customer addition for residential for 2023 yields a growth rate of 0.69% and 1.02% which seems to be more in line with the past 5 years.

Growth Rate	Residential
2014	1.0130
2015	1.0153
2016	1.0126
2017	1.0262
2018	1.0281
2019	1.0104
2020	1.0041
2021	1.0076
2022	1.0050
2023	1.0069
2024	1.0102

d) Please see table below which represents the December 31 number of residential connections. OHL does not track subdivision vs. Non-subdivision connections in its system. (table is in Summaries in 2024 Load Forecast Model)

Year	Subdivision Connections	Percent Growth
2014	146	1.4%
2015	163	1.6%
2016	160	1.5%
2017	354	3.3%
2018	201	1.8%
2019	75	0.7%
2020	49	0.4%
2021	75	0.7%
2022	76	0.7%
2023	92	0.8%
2024	145	1.2%

3-STAFF-22

Ref: Exhibit 3, p. 12

Preamble:
Orangeville Hydro states that a Covid-19 flag variable is used for April 2020 “due to much lower purchased power as a result of the closing of certain manufacturers during this time.”

Question(s):

a) Does Orangeville Hydro know specifically which manufacturers were closed? In answering this question, please do not identify the customers.
b) Did the manufacturers all close at approximately the beginning of April and open at approximately the end of the month?
c) If the answer to part a) is yes, without divulging confidential information, can Orangeville Hydro run a scenario where normal consumption of the impacted customers is added back to historic load for the duration of the shutdown?
d) Was a variable considered using a longer time horizon than a single month to capture broader impacts of COVID-19? If not, why not? If so, what were the results?
e) Has Orangeville Hydro observed COVID-19 related changes in consumption outside of April 2020?
f) As a scenario, please add an additional COVID-19a variable that takes a value of 1 in each month from March 2020 to December 2021, and a COVID-19b variable that takes a value of 1 in each month from January 2022 to December 2022, and provide the regression output.

Response:

a) OHL does not have this information.

b) OHL does not have this information.

c) OHL does not have the information available to run such a scenario.

d) No other variable was considered.

e) The April 2020 reduction of consumption was striking. Please see below for a reproduction of Table 3-14.

Table 3-14 - Wholesale Power Purchased

Wholesale Power Purchased	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2013	23,103,233	21,143,806	22,021,932	20,056,096	19,849,847	20,147,780	22,076,027	21,280,807	19,603,274	20,353,929	21,325,344	22,832,458
2014	24,790,039	21,747,840	23,077,254	20,129,765	19,632,004	20,417,295	20,942,892	20,954,819	20,036,156	20,750,968	21,634,720	22,349,925
2015	24,334,160	22,733,400	22,719,771	19,884,328	20,081,858	19,967,931	22,033,398	21,201,547	21,227,653	20,191,537	20,615,660	21,383,446
2016	23,561,827	21,655,031	21,636,173	20,336,537	20,078,199	20,739,146	23,027,671	24,179,844	20,570,016	20,577,575	20,734,382	22,113,619
2017	23,287,844	20,360,287	22,567,613	19,386,237	19,855,234	20,499,490	21,882,661	21,310,063	20,719,474	20,243,544	21,468,651	22,467,269
2018	24,028,242	20,985,005	22,598,881	21,216,589	21,095,557	21,446,304	23,894,163	23,956,344	21,668,453	21,228,063	22,168,374	22,187,282
2019	24,587,575	21,580,871	23,246,608	20,642,403	20,313,029	20,039,267	24,391,822	22,245,574	20,055,564	20,697,386	22,060,076	22,125,179
2020	23,214,919	21,739,398	21,884,531	18,977,423	19,969,257	21,668,187	25,628,771	23,467,039	20,269,648	21,294,107	21,744,994	23,632,657
2021	23,541,929	22,305,481	23,069,807	20,252,924	20,759,755	22,743,690	23,381,045	25,116,099	20,640,268	21,195,541	22,402,599	23,318,784
2022	25,489,221	23,005,811	24,103,482	21,054,166	21,880,074	22,588,252	24,276,339	24,568,812	21,763,225	21,332,534	22,267,327	23,648,227

f) The regression output for the COVID-19a and COVID-10b variables can be found in the excel file OHL_IRR_Att_3-Staff-22 OHL 2024 Load Forecast Model 20240119 Covid

scenario. The summary output is provided below. The covid-19a variable has a t-stat of –0.32 which makes it statistically insignificant. The covid-19b has a t-stat of 2.68 which makes it seemingly significant. However, its coefficient is positive, which makes it counter-intuitive.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	96.2%
R Square	92.6%
Adjusted R Square	92.0%
Standard Error	418,372.43
Observations	129

ANOVA

	df	SS	MS	F	Significance F
Regression	9	2.58874E+14	2.87638E+13	164.3312784	9.29641E-63
Residual	119	2.08292E+13	1.75035E+11		
Total	128	2.79703E+14			

	Coefficients	Standard	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	2,059,104.31	1,405,762.43	1.46	0.15	(724,445.71)	4,842,654.33	(724,445.71)	4,842,654.33
Heating Degree Days	5,775.55	259.25	22.28	0.00	5,262.20	6,288.89	5,262.20	6,288.89
Cooling Degree Days	24,345.38	1,456.05	16.72	0.00	21,462.25	27,228.51	21,462.25	27,228.51
Number of Days in Month	421,184.09	52,456.90	8.03	0.00	317,314.19	525,053.99	317,314.19	525,053.99
Spring Fall Flag	(536,113.81)	127,428.21	(4.21)	0.00	(788,434.39)	(283,793.22)	(788,434.39)	(283,793.22)
Number of Peak Hours	11,189.54	2,439.05	4.59	0.00	6,359.98	16,019.09	6,359.98	16,019.09
covid-19a	(37,386.47)	118,125.91	(0.32)	0.75	(271,287.57)	196,514.63	(271,287.57)	196,514.63
covid-19b	407,469.96	151,968.42	2.68	0.01	106,557.31	708,382.61	106,557.31	708,382.61
covid Flag	(2,219,461.86)	431,737.77	(5.14)	0.00	(3,074,345.76)	(1,364,577.96)	(3,074,345.76)	(1,364,577.96)
Trend	13,904.47	1,279.38	10.87	0.00	11,371.16	16,437.77	11,371.16	16,437.77

3-STAFF-23

Energy Forecast
Ref: Exhibit 3, p. 16

Preamble:
Orangeville Hydro states that *"The 2022 usage per customer is used to determine the kWh/customer per rate class is applied to forecast 2023 and 2024 customer/connection".*

Question(s):

a) Please explain why a single year was used rather than an average of multiple years.
b) As a scenario, please calculate the energy use per customer based on the most recent 12 calendar months available.
c) Please provide an energy and demand forecast scenario based on the scenario in part b)

Response:

a) OHL used a single year of 2022, as this would represent the most current customer usage mix.

b) The results are included in the following table.

Usage per Customer	Revised Load Forecast	Scenario	Difference
Residential	8,274	7,994	(280)
GS<50 kW	30,206	30,066	(141)
GS>50 kW	1,082,778	1,059,762	(23,016)
Street Lighting	293	292	(1)
Sentinel Lights	634	631	(3)
USL	3,830	3,800	(30)

c) The results are included in the following tables.

kWh Billed	Revised Load Forecast	Scenario	Difference
Residential	94,799,332	91,593,581	(3,205,751)
GS<50 kW	34,443,737	34,283,488	(160,249)
GS>50 kW	134,560,490	131,700,212	(2,860,278)
Street Lighting	871,821	867,519	(4,303)
Sentinel Lights	99,648	99,191	(457)
USL	369,018	366,146	(2,873)

kWh Billed	Revised Load Forecast	Scenario	Difference
GS>50 kW	317,236	310,152	(7,084)
Street Lighting	2,445	2,416	(29)
Sentinel Lights	277	276	(1)

EXHIBIT 4 – OPERATING EXPENSES

4.0-VECC-18

Ref: Exhibit 4, Appendix 2-JA/JC

Please update the following schedules for year-end 2023 (unaudited) results:

a) Appendix 2-AA
b) Appendix 2-BA

Response:

a) VECC has requested updates to Appendix 2-AA as part of 2.0-VECC-4. For the purposes of this response, OHL assumes that, based on the reference cited, VECC is actually seeking updates to Appendix 2-JA. Please see 4-SEC-18 for YTD updates for Appendix 2-JA.

b) VECC has requested updates to Appendix 2-BA as part of 2.0-VECC-4. For the purposes of this response, OHL assumes that, based on the reference cited, VECC is actually seeking updates to Appendix 2-JC. Please see 4-SEC-18 for YTD updates for Appendix 2-JC.

4.0-VECC-19

Ref: Exhibit 4, Appendix 2-JC

a) Please provide the cost of locates for each year 2014 through 2024 (forecast).

Response:

a) Please see the table below for the cost of locates for each year 2014 through 2024 (budget). This table provides the total costs for Customer Premises.

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
DNR					$ 18,341	$ 39,019	$ 44,896	$ 62,530	$ 64,967	$ 50,556	$ 76,612
Internal locates	$ 120,877	$ 63,956	$ 13,208	$ 12,185	$ 6,169	$ 13,515	$ 4,653	$ 10,263	$ 28,382	$ 3,223	
Third party locates	4,536	51,187	116,505	106,463	88,680	75,935	75,932	54,151	88,883	74,405	115,215
Total	**$ 125,414**	**$ 115,143**	**$ 129,712**	**$ 118,648**	**$ 113,190**	**$ 128,469**	**$ 125,481**	**$ 126,944**	**$ 182,231**	**$ 128,184**	**$ 191,827**

4.0-VECC-20

Ref: Exhibit 4, page 48

a) Customer Billing and Collecting costs have increased from 490k (2014) to an estimated 936k (2024). At page 48 OHL explains the reasons for some of this increase. From 2014 to 2020 the costs were relatively stable. Please explain the significant increase beginning in 2021 and provide separately the cost increase due to (i) labour increases; (ii) training and conference increased costs; (iii) reallocation from other categories in previous year -i.e. presentation changes) and (iv) printing and billing cost increases.
b) Please provide the number of customers on electronic billing in each year 2014 through 2024 (estimate). Please specify whether year-end or year average results are presented.

Response:

a)

Programs	2020 Actuals	2021 Actuals	Variance 2020 to 2021	2022 Actuals	Variance 2020 to 2022	2023 Bridge Year	Variance 2020 to 2023	2024 Test Year	Variance 2020 to 2024
Billing/Collecting	546,867	777,202	230,335	764,563	217,696	826,365	279,498	935,828	388,961
Labour			$ 63,249		$ 103,296		$ 169,033		$ 201,772
Training & Conferences			$ 2,323		$ (272)		$ 19,941		$ 19,541
Reallocation from other Categories			$ 70,100		$ 80,258		$ 71,770		$ 83,300
Printing and Billing			$ 1,053		$ 11,225		$ (14,237)		$ 15,172
Other - Paymentus Fees			$ 22,324		$ 22,597		$ 23,006		$ 23,335
Other - Outsourcing Billing			$ 45,000		$ -		$ -		$ -
Other - All other Expenses			$ 26,287		$ 593		$ 9,984		$ 45,841
Total:			$ 230,335		$ 217,696		$ 279,498		$ 388,961

Labour: In 2021 Staff labour allocations for Billing and Collecting increased for the Customer Service Team.

	2020	**2021**
Cashier	52%	59%
CSR	40%	55%
Senior Clerk	78%	100%

Also, in 2021 the addition of the Marketing and Communications Coordinator (MCC) affected the labour costs in Customer Accounts.

	2020	**2021**	**2022**
MCC	0%	100%	65%

In 2023 the staff labour allocation for Supervision for the Manager of Customer Service increased.

	2022	**2023**
Manager of Customer Service	65%	80%

Training and Conferences
Due to the COVID pandemic OHL did not send staff to conferences and training opportunities were limited during this period. In 2022, customer service staff attended OHUG ("Ontario Harris User's Conference") and ERTH Connects. In 2023, customer service attended OHUG Conference, ERTH Connects and HCTC ("Harris User's Conference"). OHL values the knowledge our staff obtain while attending these conferences and promotes continuous learning. We are slowly returning to normal in 2023 and 2024 for attending conferences and training.

Reallocation from Other Categories

- In 2019, OHL joined a Utility Standards Forum ("USF") working group and reviewed its accounts at the time to determine what improvements could be made to its tracking of costs for it to meet the guidance of the APH and be consistent with other LDCs. Changes were made effective January 1, 2021.
- More contract IT costs were allocated to billing and collecting.
- Document retention software costs were allocated to billing.
- Credit Risk Insurance costs were allocated to collecting.

Printing and Billing
Since 2019 OHL began outsourcing the printing and mailing of the customer bills. These costs are expected to increase in 2024, as OHL is changing vendors, to provide customers with an improved bill print that will allow for better information to be provided to the customers.

Other – Paymentus Fees
Providing customers with more methods to pay their bills by removing user-paid transaction fees increased credit card charges.

Other – Outsourcing Billing
OHL outsourced its billing from June 2021 to January 2022 due to staffing changes in the Customer Service department.

b) OHL is unable to provide the number of customers on e-billing in each year as our current customer portal is unable to track this. Instead, we have provided the number of new customers who subscribe to e-billing each year. This number is higher than the actual current number of customers on e-billing, which is 2,667, as it does not account for closed accounts. The 2024 estimate is significantly higher than historical increases, however with the implementation of our new customer portal OHL is optimistic that more customers will see the benefits of e-billing. In addition to this OHL will be running a campaign for the sole purpose of promoting e-billing to increase our subscribers.

Year	New Subscribers
2014	291
2015	248
2016	297
2017	311
2018	312
2019	421
2020	450
2021	556
2022	610
2023	628
2024	785
Grand Total	4,909

4.0-VECC-21

Ref: Exhibit 4,

a) Does OHL accept credit card payments? If so please explain what, if any ancillary charges are applied to this form of payment.

Response:

a) OHL does accept credit card payments made by VISA, Mastercard and American Express through our POS terminal located in the office and through a portal operated by Paymentus. There are no ancillary charges to our customer as all fees associated with credit card payments are absorbed by OHL.

4.0-VECC-22

Ref: Exhibit 4, page 45

Table 4-26 - Program: Vegetation Management Variance

Programs	Last Rebasing Year (2014 OEB Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year	Variance (Test Year vs. 2022 Actuals)	Variance (Test Year vs. Last Rebasing Year (2014 OEB-Approved)	2014 Actuals vs 2014 Approved
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	
Operations and Maintenance															
Vegetation Management	92,325	98,313	84,571	108,474	122,680	118,006	143,972	84,471	144,705	217,838	242,804	198,388	(19,449)	106,064	5,988

a) Please amend Table 4-26 to show separately internally supplied vegetation management costs, and those supplied by third party contractors. Please show 2023 actual costs.

Response:

a) Please see the table below, providing the requested information.

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Nov YTD
Internal costs	$ 98,313	$ 84,570	$ 106,473	$ 91,567	$ 89,346	$ 118,972	$ 84,470	$ 90,795	$ 122,238	$ 69,502
Third party costs	-	-	2,000	31,112	28,660	25,000	-	53,910	95,600	39,300
Total	**$ 98,313**	**$ 84,570**	**$ 108,473**	**$ 122,679**	**$ 118,006**	**$ 143,972**	**$ 84,470**	**$ 144,705**	**$ 217,838**	**$ 108,802**

4.0-VECC-23

Ref: Exhibit 4, Table 4-32, page 50

a) Please provide the current 2023 spending to date in category of Conservation and Community costs.

Response:

a) Spending to October 30, 2023 in the APH GL of 5410 Community Relations is a total of $37,975.

4.0-VECC-24

Ref: Exhibit 4, Table 4-37/Appendix 2-K, page 53

a) What accounts for the significant change in employee costs capitalized in the years 2014 through 2016 as compared to all of the following years?

Response:

a) This was an error in the protected formulas within the originally submitted model. The formulas have been updated in Appendix 2-K from file OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119. In the correct version, there is not a significant change in years 2014 to 2016 as compared to the following years.

4.0-VECC-25

Ref: Exhibit 4, 55

"The current collective agreement commenced October 1, 2018, and will expire September 30, 2023"

a) What is the status of labour negotiations? If a new contract has been signed please provide that contract and a summary its financial impacts on OHL for 2024.

Response:

a) The 2023-2026 Collective Agreement was ratified on December 4, 2023. Please see OHL_IRR_Att_8-VECC-25 Orangeville Hydro Collective Agreement 2023-2027.

The financial impact on OHL for 2024 is shown below:

2024 Collective Agreement financial impact		
	Wages	**Benefits**
Union	$35,239	$5,015
Non-union		$3,344
Retirees		$1,045
	$35,239	**$9,404**

4.0-VECC-26

Ref: Exhibit 4, Section 4.3.1

a) Of the 22 FTEs forecast for 2024 how many positions are currently unfilled?

b) What is the average annual churn (turnover) rate at OHL?

Response:

a) At January 1, 2024, two full time positions are unfilled; the Engineering Technician and a Power Line Technician. Both positions are expected to be filled by the beginning of February 2024.

b) The annual turnover rate is shown in the table below. The majority of the departing employees prior to 2021 were due to retirements.

	2015	2016	2017	2018	2019	2020	2021	2022
Annual Turnover rate	5%	15%	11%	6%	5%	10%	20%	15%

4.0-VECC-27

Ref: Exhibit 4, Section 4.3.3, Table 4-45

a) Please explain provide an explanation of the non-affiliate generation service to the "Metis Nation of Ontario Brightrigh.." ($100,541).

Response:

a) This item was incorrectly included in Table 4-45. This is a pass-through FIT generation payment.

4.0-VECC-28

Ref: Exhibit 4, Table 4-41/Appendix 2-n

a) The Shared Services tables show that the pricing methodology for water billing services is "*market rate x # of customers*".
   i. Please provide the number of water customers billed in 2014, 2023 and forecast to be billed in 2024.
   ii. Please explain how the "market rate" applied to these customers is calculated in each of those years.

Response:

a)
   i. Please see the table below for 2014, 2023 and 2024 forecast water customers.

	2014 December	2023 January	2023 October	2024 December
Orangeville-flat rate	36	36	68	69
Orangeville-metered	9224	9881	9916	9943
Grand Valley-flat rate	162	158	162	162
Grand Valley-metered	557	1019	1041	1084

   ii. Total Revenue is estimated using an average of the beginning and ending number of water customers multiplied by the budgeted "market rate". Total Expenses are determined through the budgeting process, as explained in Exhibit 4.3.2.2 Allocation Methodology for Corporate and Shared Services. The difference between the revenues and expenses is the forecasted profit margin. The prior year 'market rate" is increased with the goal of a 10% profit margin. Grand Valley's "market rate" is calculated in a similar fashion, but the rate has been increasing at a higher rate (10% annually or more), with the goal of bringing the Grand Valley customer rate to the same as the Orangeville rate. This "market rate" is applied to every actual water customer monthly and is then billed monthly to the Town of Orangeville and Grand Valley.

4.0-VECC-29

Ref: Exhibit 4, Section 4.3.3, Table 4-45

Table 4-46 – 2024 Regulatory Costs (One-Time)

	Regulatory Costs (One-Time)	2024 Test Year
1	Expert Witness costs	
2	Legal costs	40,000
3	Consultants' costs	88,000
4	Incremental operating expenses associated with staff resources allocated to this application.	
5	Incremental operating expenses associated with other resources allocated to this application. [1]	
6	Intervenor costs	69,362

a) Please provide the current actual spending to-date on legal and consulting costing costs.

Response:

a) Please see the table below for the current actual spending to-date on legal and consulting costs.

Total costs to Date -31 Dec 2023		
Legal	$ 31,070.80	
Consulting	$ 79,694.93	

4.0-VECC-30

Ref: Exhibit 4, Table 4-47/Appendix 2-M

a) Actual OEB assessment costs in 2022 are reported at $76,600 and 2024 forecast costs as $81,241. 2023 forecast assessment costs are shown as $100,207. Please explain the reasons 2023 assessments are forecast to be higher than those in 2024.

Response:

a) $25,000 was incorrectly included in the OEB Annual Assessment amount of $100,207. This $25,000 should have been included below in the Consultants costs for regulatory matters. App.2-M Regulatory_Costs has been updated in OHL 2024_Filing_Requirements_Chapter2_Appendices_20240119.

4-SEC-18

Ref: Appendices 2-JA, JD, K

Please update Appendices 2-JA, JD and K for 2023 actuals to date and provide actuals for the same point in time for 2022 and 2021.

Response:

Appendix 2-K cannot be accurately updated at a mid-year point. Please see below for Appendices 2-JA and 2-JC with updated actuals to October 2023, and actuals at the same point in time for 2022 and 2021.

Appendix 2-JA

Summary of Recoverable OM&A Expenses

	Oct 2021 YTD Actuals	Oct 2022 YTD Actuals	Oct 2023 YTD Actuals
Reporting Basis	MIFRS	MIFRS	MIFRS
Operations	$ 743,288	$ 637,718	$ 606,872
Maintenance	$ 232,088	$ 228,716	$ 173,961
SubTotal	**$ 975,376**	**$ 866,434**	**$ 780,833**
Billing and Collecting	$ 799,054	$ 813,457	$ 866,149
Community Relations	$ 9,030	$ 26,227	$ 37,975
Administrative and General	$ 1,082,314	$ 1,203,932	$ 1,289,109
SubTotal	**$ 1,890,398**	**$ 2,043,616**	**$ 2,193,233**
Total	**$ 2,865,774**	**$ 2,910,050**	**$ 2,974,066**

	Oct 2021 YTD Actuals	Oct 2022 YTD Actuals	Oct 2023 YTD Actuals
Operations[4]	$ 743,288	$ 637,718	$ 606,872
Maintenance[5]	$ 232,088	$ 228,716	$ 173,961
Billing and Collecting[6]	$ 799,054	$ 813,457	$ 866,149
Community Relations[7]	$ 9,030	$ 26,227	$ 37,975
Administrative and General[8]	$ 1,082,314	$ 1,203,932	$ 1,289,109
Total	**$ 2,865,774**	**$ 2,910,050**	**$ 2,974,066**

Appendix 2-JC
OM&A Programs Table

Programs	2023 YTD OCT	2022 YTD OCT	2021 YTD OCT
Reporting Basis	MIFRS	MIFRS	MIFRS
Operations and Maintenance			
Lines and Engineering, Supervision	404,141	371,800	444,590
Distribution Stations	22,871	27,481	48,476
Overhead Operations	32,098	51,656	72,296
Underground Operations	10,107	14,913	16,392
Metering	40,331	45,196	46,022
Customer Premises	97,324	126,672	115,512
Overhead Maintenance	45,412	34,770	54,059
Vegetation Management	67,755	120,984	139,657
Underground Maintenance	48,914	62,892	30,481
Transformer Maintenance	11,880	10,070	7,891
Sub-Total	780,833	866,434	975,376
Billing/Collecting/Meter Reading			
Billing/Collecting	647,998	630,147	620,969
Meter Reading	187,528	177,449	155,750
Bad Debts	30,623	5,861	22,335
Sub-Total	866,149	813,457	799,054
Conservation and Community			
Conservation and Community	37,975	26,227	9,030
Sub-Total	37,975	26,227	9,030
Administrative Expenses			
Administrative Expenses	1,077,219	1,061,735	951,917
Outside Services Employed	58,938	62,097	47,062
Regulatory Expenses	146,693	73,841	77,076
LEAP	6,259	6,259	6,259
Sub-Total	1,289,109	1,203,932	1,082,314
Miscellaneous			
Sub-Total	0	0	0
Miscellaneous			
Total	**2,974,066**	**2,910,050**	**2,865,774**

4-SEC-19

Ref: Exhibit 4, p. 22

Orangeville Hydro states that: “Billing and Collecting is projected to be higher due to maintenance contract costs for a new customer portal, higher costs for the new bill printing and mailing contractor, as well as wage progressions and inflationary increased contract costs.”

a) How many e-billing customers does Orangeville Hydro have?
b) What is Orangeville Hydro doing to increase the number of e-billing customers in order to reduce bill printing and mailing costs?

Response:

a) Please see 4.0-VECC-20 b).

b) OHL will be implementing an updated customer portal in Q2 of 2024. OHL’s current platform is outdated and unreliable as it is not compatible with certain web browsers and routinely unavailable for customers to access. Currently OHL is not encouraging its customers to sign up for e-billing on the current platform due to its limitations and the future implementation of the new portal. However, OHL does advertise the ability to switch to e-billing on the ‘welcome’ brochure each new customer receives, as well as on the company website and on social media.

The Marketing and Communications Coordinator will be working on a campaign to educate customers on their billing options and promote subscribing to e-billing. Although there is not a definitive campaign in place, it is believed that OHL will utilize cause marketing to raise awareness about e-billing. In addition to the marketing efforts, OHL will be adding the ability to opt-in to e-billing when completing their move in form. Doing so will increase subscribers as they do not have to login at a later date, ultimately eliminating the extra steps, and resulting in a simplified process. Along with the marketing efforts and the change in the forms, OHL will allocate more time to promoting e-billing.

4-SEC-20

Ref: Exhibit 4, p. 10, Table 4-14

Orangeville Hydro states that for 2024: "The costs associated with underground locates include contract costs which have increased by 17.31% from 2022 actuals to 2024 Test Year." Below Table 4-24 Orangeville Hydro states that the variance for Customer Premises (which includes locates) for 2024 compared to 2022 is $$9,596 and not material.

a) What amount of dollars is included in 2022 actuals, 2023 forecast and 2024 budget for locates and based on what number of locates in each year?
b) On October 31, 2023, in its decision in EB-2023-0143, the OEB establish a generic, sector-wide variance account, the *Getting Ontario Connected Act* (GOCA) variance account, to specifically track incremental costs of locates in 2023 and future years arising from the implementation of recent provincial legislation: Bill 93 (the Getting Ontario Connected Act, 2022). What amount is included in the 2024 budget specifically related to the GOCA?

Response:

a) Please see below for the number of locates in 2022-2024. The costs of locates for each year are included in the response to 4-VECC-19.

Year	Number of locates
2022	2,548
2023	1,748
2024	2,548

b) The rates that the locate contractor charges OHL have increased over 2022 rates by 21%-35%, depending on the type of locate completed. The overall costs for locates in the 2024 budget increased by 31% over 2022 actuals, or $25,863. This increase is directly related to the increase in costs being charged by the locate contractor.

4-SEC-21

Ref 1: Exhibit 4, Table 4-1, Appendix 2-JB (Table 4-15)
Ref 2: Exhibit 1, p. 22

Appendix 2-JB shows the main cost drivers for OM&A. SEC notes that Note 2 states that cell B15 should be equal to the OEB approved amount for the last rebasing year and this is not the case.

a) Please update B15 to equal the OEB approved amount.
b) Please confirm that the total increase in Contracts from OEB approved to 2024 is $449k and for Labour is $447k.
c) If part b. is confirmed, please explain the discrepancy as Table 4-1 shows for Contracts the total increase is $717k and Labour is $442k.
d) Please provide details of the increases shown in part c.

Response:

a) OHL updated cell B15 of App.2-JB to the 2014 OEB approved amount in file OHL 2024_Filing_Requirements_Chapter2_Appendices 20240119.

b) App.2-JB has been corrected, as it did not reconcile properly to Table 4-1. Total increase in contracts from 2014 OEB approved to 2024 should have been $768k and for Labour is $441k.

c) In the original submission, the total in Table 4-1 was correct, and now reconciles to App. 2-JB. There is a $50,000 difference from the initial submission of Table 4-1 between the Administration and Contract categories, as there was a $50,000 reclassification of IT related costs. This is because in 2014 they were being coded in Administration, and in 2024 they were being included in Contracts, so in the updated table below the costs are re-allocated into the correct buckets, so they are comparable to 2024.

Cost Driver	2014 Board Approved	2024 Test	2024 Test vs 2014 BA	CAGR %
Labour	1,896,715	2,338,448	441,733	2.1%
Trucks	116,370	78,303	(38,067)	-3.9%
Administration	522,528	360,705	(161,823)	-3.6%
Contract	605,771	1,373,563	767,792	8.5%
Other	113,799	84,504	(29,295)	-2.9%
Total	**3,255,183**	**4,235,523**	**980,340**	**2.7%**

d) There were no differences between Table 4-1 in the initial submission, and the updated table shown above in part c), other than what is explained in part c). All cost drivers were explained in the original submission in Exhibit 4.

4-SEC-22

Ref 1: Exhibit 4, Table 4-1, Appendix 2-JB (Table 4-15)
Ref 2: Exhibit 1, p. 22

In Exhibit 1, Orangeville Hydro states 'OHL's 2014 OM&A included a full-time staff level of 21. This application includes a full-time staff level of 20. OHL has been able to do more (increased workload) with less staff by improving internal processes and working with third party providers while still maintaining the level of service customers expect.'

a) Please provide a detailed listing of positions which have been eliminated and replaced by contractors.
b) Please provide the business cases for each of the eliminated positions listed in part e.

Response:

a) Two positions were eliminated from 2014 to 2024. There was one new position created since 2014.
   Eliminated: Meter Mechanic
   Administrative Assistant/CDM Coordinator
   Created: Marketing and Communications Coordinator

b) OHL has assumed the reference in the question is actually to "part a".

   Elimination of Meter Mechanic position: This position was eliminated through attrition. The incumbent retired in 2016. A large portion of the job was underground locates, as well as stores and building maintenance. Most of the building and stores work was distributed between different OHL staff. Locates are generally more seasonal, therefore it made sense to contract this work out as opposed to hiring a new employee for this position.

   Elimination of Administrative Assistant/CDM Coordinator position: This position was created when utilities became more involved with Conservation and Demand Management (CDM) in 2007. It was then eliminated through attrition in 2014. When the individual left the company, the position's duties were shared amongst several OHL staff. Most of the work was related to CDM. Some of this CDM work was contracted out to Cornerstone Hydro Electric Concepts (CHEC), as it did not warrant the hiring of a new full-time staff member. The rest of the CDM work and other administrative tasks were shared within other positions throughout the organization.

4-STAFF-24

Evs, DERs, and Emerging Technology
Ref 1: Distribution system Plan, p. 6
Ref 2: Distribution System Plan, Appendix E, Material Investment Narrative, p. 12

Preamble:
In reference 1, Orangeville Hydro states that “OHL does not expect significant electrification of transportation or building will factor into the forecast period”.
In reference 2, Orangeville Hydro states that it is “forecasting upward pressure on the average quantity of service upgrades because of electric vehicle chargers and heat pumps”.

Question(s):

a) Did Orangeville Hydro take any steps to address EVs in its billing load forecast?
b) Has Orangeville Hydro considered the impact of Distributed Energy Resources or other emerging technologies on its billing load forecast?

Response:

a) OHL has not taken any steps to address EVs in its billing forecast, as there are too many uncertainties.

b) OHL has not considered the impact of Distributed Energy Resources or other emerging technology in its billing forecast, as there are too many uncertainties.

4-STAFF-25

Ref: Exhibit 4

Preamble:
Throughout Exhibit 4, Orangeville Hydro states that inflation is one of the main factors that drive OM&A cost increases.

Question(s):

a) Please provide an annual inflation estimate using the 2014 OEB-approved OM&A as the base and escalating each year thereafter using the adjusted inflation value (OEB inflation minus stretch factor) from 2014 OEB approved to 2024 in the format shown below.

	OEB Inflation (%)	Stretch Factor (%)	Adjusted Inflation (%)	OM&A Cost Escalated by Adjusted Inflation ($)	Total OM&A Cost from Appendix 2-JA ($)
	(A)	(B)	(C = A - B)	(D = $D_{previous\ year}$ x (1+ $C_{current\ year}$))	(E)
2014 OEB Approved				3,255,183	3,255,183
2015					3,287,582
2016					3,317,207
2017					3,323,900
2018					3,200,271
2019					3,442,073
2020					3,197,840
2021					3,380,858
2022					3,639,401
2023					3,812,695
2024					4,235,523
$ Increase from 2014 to 2024	-	-	-		980,340

b) From the table above, please provide the total inflation amount as a percentage of the total increase in OM&A cost from the 2014 OEB-approved to the 2024 Test Year.

Response:

a) Please see the tables below. Two tables have been provided to show the difference in rate impact from being placed on the Annual IR beginning in 2022-2024. OHL was moved to PEG Cohort 1 for 2022 rates but was not provided the benefit of being a highly efficient LDC. This was a difference of $70,078 over 2022-2024.

Actual IRM increases 2014-2023, forecast 2024 Using actual .60% stretch factor, as OEB required OHL to move to Annual IR					
	OEB Inflation	**Stretch Factor**	**Adjusted Inflation**	**OM&A Cost Escalated by Adjusted Inflation**	**Total OM&A Cost from Appendix 2-JA**
	(%)	**(%)**	**(%)**	**($)**	**($)**
	(A)	(B)	(C = A - B)	(D = Dprevious year x (1+ Ccurrent year))	(E)
2014 OEB Approved	1.70%	0.30%	1.40%	3,255,183	3,255,183
2015	1.60%	0.30%	1.30%	3,297,500	3,287,582
2016	2.10%	0.30%	1.80%	3,356,855	3,317,207
2017	1.90%	0.30%	1.60%	3,410,565	3,323,900
2018	1.20%	0.30%	0.90%	3,441,260	3,200,271
2019	1.50%	0.15%	1.35%	3,487,717	3,442,073
2020	2.00%	0.15%	1.85%	3,552,240	3,197,840
2021	2.20%	0.15%	2.05%	3,625,061	3,380,858
2022	3.30%	0.60%	2.70%	3,722,937	3,639,401
2023	3.70%	0.60%	3.10%	3,838,349	3,812,695
2024	4.80%	0.60%	4.20%	3,999,559	4,235,523
$ Increase from 2014 to 2024	-	-	-	744,376	980,340
Total inflation as a % of total increase in OM&A				23%	30%

Actual IRM increases 2014-2021, forecast 2022-2024 Using 0% stretch factor, as OHL moved to PEG Cohort 1 for 2022					
	OEB Inflation	**Stretch Factor**	**Adjusted Inflation**	**OM&A Cost Escalated by Adjusted Inflation**	**Total OM&A Cost from Appendix 2-JA**
	(%)	**(%)**	**(%)**	**($)**	**($)**
	(A)	(B)	(C = A - B)	(D = Dprevious year x (1+ Ccurrent year))	(E)
2014 OEB Approved	1.70%	0.30%	1.40%	3,255,183	3,255,183
2015	1.60%	0.30%	1.30%	3,297,500	3,287,582
2016	2.10%	0.30%	1.80%	3,356,855	3,317,207
2017	1.90%	0.30%	1.60%	3,410,565	3,323,900
2018	1.20%	0.30%	0.90%	3,441,260	3,200,271
2019	1.50%	0.15%	1.35%	3,487,717	3,442,073
2020	2.00%	0.15%	1.85%	3,552,240	3,197,840
2021	2.20%	0.15%	2.05%	3,625,061	3,380,858
2022	3.30%	0.00%	3.30%	3,744,688	3,639,401
2023	3.70%	0.00%	3.70%	3,883,241	3,812,695
2024	4.80%	0.00%	4.80%	4,069,637	4,235,523
$ Increase from 2014 to 2024	-	-	-	814,454	980,340
Total inflation as a % of total increase in OM&A				25%	30%
Difference in increase, due to OHL on Annual IR for 2022-2024				(70,078)	

b) The total inflation amount as a percentage of the total increase in OM&A cost from the 2014 OEB-approved to 2024 Test Year is shown in the tables above.

4-STAFF-26

Ref: Exhibit 4, p. 7
Ref: Appendix 2-L

Preamble:
In reference 1, Orangeville Hydro states that to meet Orangeville Hydro's legislated and regulatory requirements as well as meet our customers' expectations, the planned number of full-time-permanent employees for 2024 is 20.
In reference 2, Appendix 2-L shows that the total FTE is 22 in 2024.

Question(s):

a) Please confirm the correct number of FTE in 2024.

Response:

a) Included in the total FTE count are part-time staff who are employed throughout the year. This includes co-op and summer students hired by all areas of the company. The correct number of FTE for 2024 should have been 21.3. There was a typo in the total FTE for 2024 of 22.3, it should have been 21.3. Appendix 2-K and 2-L in file OHL 2024_Filing_Requirements_Chapter2_Appendices 20240119 reflect the correct value of 21.3.

4-STAFF-27

Ref: Exhibit 4, p. 10 and 21-22

Preamble:
In the reference, Orangeville Hydro states that it plans to transition from Autodesk AutoCAD Map 3D GIS to a comprehensive ESRI GIS on page 10.
Orangeville Hydro states on pages 21 and 22 that year-over-year OM&A costs for operations are forecast to be higher in 2022 and 2023 due to shared GIS resource costs and increased ESRI GIS Operational costs.

Question(s):

a) Please provide the projected ESRI GIS cost and shared GIS resource cost for 2023 and 2024 and explain why they are projected to be higher.
b) Please explain what the shared GIS resource costs are for.

Response:

a) Below are the annual costs for 2022 to 2024. In 2023, OHL's ESRI needs are being evaluated by the GIS shared cost employee for easier migration of existing data. In 2024, OHL is planning on the purchase of the software, which comes with monthly maintenance costs.

	2022	2023	2024
ESRI GIS monthly costs	$ -	$ -	$ 20,380
GIS shared costs	$ -	$ 20,000	$ 30,900
Total	$ -	$ 20,000	$ 51,280

b) OHL shares a GIS employee with 5 other LDCs within the CHEC group. This is a geographic information systems technician who is a GIS/database relationship expert.

4-STAFF-28

Ref: Exhibit 4, p. 10 and 16-22

Preamble:
Orangeville Hydro states in the reference that it saw a significant increase in locates and cost between 2022 to 2024 due to regulatory requirements within the industry.

Question(s):

a) Please provide locate costs for each year 2022 to 2024.

Response:

a) Please see response to 4-VECC-19.

4-STAFF-29

Ref 1: Appendix 2-JC
Ref 2: Exhibit 4, p. 43

Preamble:
In references 1 and 2, OM&A spendings for Underground Operations increased by 122%, 100%, 84%, and 108% in 2017, 2018, 2019 and 2021 respectively.
Question(s):

a) Please provide explanations for the OM&A increases noted above.

Response:

a) Underground Operations expenses from 2014 to 2021 were mostly work planned to proactively react to infrared testing results from contractors, which vary from year to year based on the geographical area being tested.

In 2021, PME inspections and repairs were being done.

In 2022, there were more proactive hotspot repairs done as a result of partial discharge test results.

	Last Rebasing Year (2014 OEB-Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Underground Operations	$ 9,281	$ 3,403	$ 7,654	$ 1,447	$ 3,215	$ 6,438	$ 11,878	$ 11,991	$ 24,894	$ 23,859	$ 13,846	$ 15,754
% increase		-63%	125%	-81%	122%	100%	84%	1%	108%	-4%	-42%	14%
Dollar increase $		$ (5,878)	$ 4,251	$ (6,207)	$ 1,768	$ 3,223	$ 5,440	$ 113	$ 12,903	$ (1,035)	$ (10,013)	$ 1,908

4-STAFF-30

Ref 1: Appendix 2-JC
Ref 2: Exhibit 4, pp. 45-46

Preamble:
In references 1 and 2, vegetation management costs fluctuated year to year.
OEB staff notes that these costs increased significantly by 71% and 51% in 2021 and 2022 respectively.
In reference 2, Orangeville Hydro explains factors that caused the overall cost increases from 2014 to 2024 which include inflation, increased internal staff spent on tree trimming for reliability and safety, creation of a rea-lot vegetation management program, and the April 2023 release/update of the ESA's Bulletin DB-12-09-v2.

Question(s):

a) What factors in particular caused the sharp increases in OM&A spending for vegetation management in 2021 and 2022? Please explain in detail.
b) Does Orangeville Hydro have any mitigation plans to manage vegetation management costs over the 2024 to 2028 period? Please explain.

Response:

a) The vegetation management spending for 2020 was lower than planned and lower than recent prior years. Due the uncertainty during the early stages of the COVID-19 pandemic, the rear-lot tree trimming by a third-party arborist was deferred.

   This deferral reduced vegetation management costs in 2020 and led to the increase in 2022 when two rear-lot areas were cleared instead of the normal one per year.

b) OHL plans to continue to complete one rear-lot area per year to ensure the vegetation management costs are more consistent year to year compared to the fluctuations that occurred from 2019 to 2022.

4-STAFF-31

Ref 1: Appendix 2-JC
Ref 2: Exhibit 4, pp. 20-22
Ref 3: Exhibit 4, p. 48

Preamble:
In reference 1, OM&A costs for Billing and Collecting shows a significant increase of 42% in 2021. For 2023 and 2024, the OM&A costs in this category are projected to remain high.

In reference 2, Orangeville Hydro states that Billing and Collecting was higher in 2021 due to the hire of a Marketing and Communications Specialist as well as billing staff turnover.

In reference 3, Orangeville Hydro explains the variances between 2024 and 2014 OEB approved. Orangeville Hydro states that there has been an increase in many of the contract costs, such as sync operator, bill printing and Customer Information System (CIS) monthly costs. The monthly maintenance costs of the improved customer portal have increased significantly, and Orangeville Hydro is changing vendors for bill printing and mailing, to provide customers with an improved bill print that will allow for better information to be provided to the customers, which has a higher cost, as compared to 2022 actuals.

Question(s):

a) Please explain:
   i) Increased work/projects and future plans that required the hiring of a new Communications and Marketing Coordinator. Please explain the need to hire compared to continuing without hiring this position.
   ii) Improvements that have been made to customer portal.
   iii) The factors that caused the CIS costs to increase.
   iv) The costs and benefits from changing vendors for bill printing and mailing.
   v) Improvements that will be made to bill print and additional billing information that will be provided to customers.

Response:

	Last Rebasing Year (2014 OEB-Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Billing/Collecting	$ 522,273	$ 490,290	$ 502,746	$ 529,231	$ 555,256	$ 565,641	$ 553,228	$ 546,867	$ 777,202	$ 764,563	$ 826,365	$ 935,828
% increase		-6%	3%	5%	5%	2%	-2%	-1%	42%	-2%	8%	13%
Dollar increase $		$ (31,983)	$ 12,456	$ 26,485	$ 26,025	$ 10,385	$ (12,413)	$ (6,361)	$ 230,335	$ (12,639)	$ 61,802	$ 109,463

i) The Marketing & Communications Coordinator position first started as a contract position in October of 2020. During 2020 the government of Canada introduced the COVID-19 Energy Assistance Programs (CEAP) to assist residential and small business customers with their overdue hydro bills. Our Customer Service department attempted to educate struggling customers about the program but did not have the time or skill set to properly market the programs. A communications coordinator was utilized to spearhead the CEAP program, such as marketing efforts, determining eligibility, applying payments to accounts, and ensuring records were kept up to date and finances balanced. It was during this time that OHL saw a significant uptake in the program and recognized the potential of connecting with customers on a continuous basis would have for the organization. It was determined that a full time

Marketing & Communications coordinator could greatly improve customer engagement through the improvement of social media presence, updating and continuously maintaining OHL's website, increased response time to customer inquiries, greatly improve outage communication, and overall improvements to the external communications processes. RRR 2.1.4, written enquiries from customers, have increased from 320 in 2014 to 3,883 in 2023. The hiring of a Marketing & Communications coordinator is not a new concept for organizations as customer service evolves from in person and over the phone to an online presence, customers are expecting organizations to be present on multiple platforms. To date the Marketing & Communications Coordinator has increased OHL's social media following by 260%. This can be attributed to frequent posting and engagement on X (formerly Twitter) Platform, and from creating a Facebook page, which currently has over 1000 followers. OHL is meeting customers' needs by being present and communicating on their preferred platforms. In addition, the growth of social media following, in 2020 customer engagement survey customers voiced their concerns regarding the usability of the company's website. Since the hiring of the Marketing & Communications coordinator OHL has improved the website's layout, content, and service forms. In the 2022 customer engagement survey it can be noted that customers were pleased with the website, and the availability of information on social media when asked about their level of satisfaction with customer communication channels. The increase of customer satisfaction can be attributed to the Marketing & Communications Coordinator efforts to improve customers online experiences.

In 2024 the Marketing Communication Coordinator will be solely responsible for the implementation and maintenance of the new Customer Portal. The portal will launch Q2 of 2024, beforehand, the Marketing Communications Coordinator will be creating a campaign to notify customers of this change as it will result in a new customer login for all customers. In addition, the organization would like to see an increase in e-billing subscribers, therefore, the Marketing and Communications Coordinator will also be creating and implementing a campaign to educate customers and market the improved e-billing process.

ii) OHL has engaged NorthStar to implement the SilverBlaze Customer Portal for Utilities and the SilverBlaze Smart Forms for Utilities products beginning Q2 of 2024. The new portal will provide OHL customers with a 'customer presentment', such as an improved layout and usability, that will allow customers to securely log in and view, monitor and manage their account information, interval data and historical billing and payments.

iii) UCS costs for billing are increasing due to the number of participating LDCs declining, primarily due to mergers, thus increasing the costs for the remaining LDCs. UCS employs a Business Solutions Analyst whose wages are split evenly amongst the members. The remaining shared charges for the CIS system are allocated by the number of accounts and hosting costs are allocated based on the percentage agreed upon by the members.

iv) The reason for the switch was to get a full colour bill at a similar price we are paying today for a black and white bill. In addition to the standardized format that is much easier for our customers to understand, our ongoing costs to maintain the bill layout through regulatory changes is going to be less as there is only one bill print program.

Costs would be shared amongst other utilities using the file. The new vendor is also not charging additional fees for inserts.

Our current vendor charges $1.02 per bill and the new vendor charges $1.12 per bill.

v) OHL customers will see the following improvements made to the bill print and additional information that will be provided to them:

- Colour versus black and white bill.
- Improve the digitized copy of the bill as well.
- Different ways to contact OHL are highlighted, making it easier for customers to find.
- Improved layout, summary information is provided on the front of the bill and more detailed information is provided on the back of the bill.
- Customer's Electricity Price Plan clearly shown in colour on the new bill.
- Meter reading information is more clearly displayed on the new bill.
- Graphs of historical usage (not currently provided).
- Service specific messaging (not currently provided).
- More space is provided for important information (currently very limited).

4-STAFF-32

Ref 1: Appendix 2-JC
Ref 2: Exhibit 4, p. 49

Preamble:
In references 1 and 2, OM&A costs for Meter Reading increased by 18% and 24% in 2019 and 2022.

Question(s):

a) Please explain drivers of the increases noted above.

Response:

	Last Rebasing Year (2014 OEB-Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Meter Reading	$ 135,919	$ 150,916	$ 167,417	$ 157,760	$ 175,011	$ 171,773	$ 202,550	$ 189,958	$ 163,403	$ 202,710	$ 215,069	$ 220,728
% increase		11%	11%	-6%	11%	-2%	18%	-6%	-14%	24%	6%	3%
Dollar increase $		$ 14,997	$ 16,501	$ (9,657)	$ 17,251	$ (3,238)	$ 30,777	$ (12,592)	$ (26,555)	$ 39,307	$ 12,359	$ 5,659

a) The OM&A costs for Meter Reading increased by 18% ($30K) in 2019 compared to 2018 due to two unaccrued Sensus TGB Monthly Service fee invoices from November and December 2018 that were paid in 2019 totaling approximately $17K. Also, the Sensus invoices were paid in US dollars, and the exchange rates were higher in 2019 than 2018 resulting in a $5K difference. In 2018 a Sensus Security Audit was performed however OHL was not invoiced until 2019 for approximately $3K.

The OM&A costs for Meter Reading increased by 24% ($39K) in 2022 compared to 2021 primarily related to an increase in our Utilismart invoices in the amount of $20K over 2021 primarily due to the replacement of conventional meters with interval meters for our larger commercial customers. Also, the Sensus TGB Monthly Service fee invoices are paid in US dollars, the exchange rates were higher in 2022 than 2021 resulting in a $8K difference.

4-STAFF-33

Ref 1: Appendix 2-JC
Ref 2: Exhibit 4, p. 50

Preamble:
In references 1 and 2, OM&A costs for Conservation and Community show an increase of 128%, 58% and 20% in 2022, 2023 and 2024 respectively.

Orangeville states that the 2024 Community Relations Budget is higher than the 2022 Actuals by $28,908. The budget includes four planned community engagement events, as well as an increase in the percentage of the Marketing and Communications Coordinators' time, which accounts for most of the increase over 2022 actuals.

Question(s):

a) Please explain responsibilities of the Marketing and Communications Coordinator which account for most of the increase in OM&A costs noted above.
b) Please describe the four planned community engagement events which drive the OM&A cost increases noted above.

Response:

a) The responsibilities of the Marketing and Communications Coordinator are:

- Create effective communication strategies for our company
- Monitor, document and respond to all email inquiries generated through info email
- Assist in the training of new staff within Customer Service Department
- Assist in the development of a dynamic communications plan for marketing efforts, public relations, and customer engagement
- Market research (monitor social media, access public attitude/perception)
- Create and outsource marketing channels to increase customer knowledge
- Improve OHL's social media presence
- Manage and update Social Media accounts i.e. Twitter and Company Website
- Market communication – compose and publish content for website, social media
- Reduce call volume and incoming emails
- Manage internal communications (memos, newsletters, etc.)
- Advise employees and managers on communication initiatives
- Back up front counter and customer service
- Promote Customer Programs
- Manage the planning and execution of internal/external events for promoting all customer programs, i.e. trade shows, workshops, and obtain budget approval
- Increase the number of applications/enrollments per customer base
- Assist all departments when required
- Compose administrative forms (Applications for service, CEAP, Customer Choice)
- Assist the organization with HR efforts including selection process, assisting with interviews, arranging, and scheduling candidates
- Coordinate, plan and organize activities and local events
- Design and order promotional material (swag and giveaways)
- Design information material to educate customers
- Create and compose administrative process binders (Billing instructions, moving instructions, etc)

	Last Rebasing Year (2014 OEB-Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Conservation and Community	$ 16,092	$ 25,135	$ 16,698	$ 53,322	$ 31,171	$ 32,725	$ 22,929	$ 9,004	$ 14,205	$ 32,446	$ 51,171	$ 61,354
% increase		56%	-34%	219%	-42%	5%	-30%	-61%	58%	128%	58%	20%
Dollar increase $		$ 9,043	$ (8,437)	$ 36,624	$ (22,151)	$ 1,554	$ (9,796)	$ (13,925)	$ 5,201	$ 18,241	$ 18,725	$ 10,183

In 2022 the Marketing and Communications Coordinator (MCC) role was solely under Customer Accounts. As the role evolved the MCC took an active role in organizing, planning, and attending community events. It was then determined that more of the MCC's time should be allocated to Community Relations GL.

b) OHL attends community events to connect and engage with our communities by offering free bucket truck rides, an opportunity to speak with staff, and swag giveaways.

1. Orangeville Farmers Market – OHL attends the first farmers market of each season. The farmer's market is held every Saturday in downtown Orangeville where local vendors and farmers sell their goods and services.

2. Grand Valley Duck Race – The Grand Valley Lions Associations holds an annual duck race. Participants enjoy a day filled with local community activities, food, and music. Along with OHL's attendance is the local fire department, ambulance services, and police.

3. OHL's Engage, Energize, Educate Event – Since 2015 OHL has hosted this community event at our building focusing on engaging and connecting with the community. OHL invites community and industry partners, such as Save On Energy, IESO, and Dufferin County Community Services to attend. During the event customers receive SWAG, speak with the OHL staff, and enjoy food and music.

4. Orangeville KidsFest (In Partnership with Rib Fest) – On the final Day of the Rib Fest event is a section dedicated to the entertainment, engagement, and activities of the younger attendees. Local community members attend offering swag, games, and music.

4-STAFF-34

Ref: Exhibit 4, pp. 55-56
Preamble:

For Compensation – non-union, Orangeville Hydro states that Management achievements are performance rated in four categories: exceptional, commendable, developing, and satisfactory. Each category has a range for a percentage increase plus cost of living with the exception of an unsatisfactory performance. Once the job rate is achieved each category is compensated with an increase in the cost of living and depending on the category rating a bonus for performance recognition may be granted.

Question(s):

a) Please provide an average wage increase per year for non-union staff, as well as a range of bonus (%) from 2014 to 2024.

Response:

a) The average wage increase per year for non-union staff is shown below:

October 1, 2015 – 2%
October 1, 2016 – 2%
October 1, 2017 – 2%
October 1, 2018 – 2%
October 1, 2019 – 2.25%
October 1, 2020 – 2.25%
October 1, 2021 – 1.9%
October 1, 2022 – 3.5%
October 1, 2023 – 4%

Bonuses range from 0% to 10% throughout this period.

4-STAFF-35

Ref 2: Exhibit 4, p. 55

Preamble:
Orangeville Hydro states that the current collective agreement commenced October 1, 2018, and will expire September 30, 2023.

Question(s):
Please provide the new collective agreement and a table summarizing the wage increases per year.

Response:

The union wage increases are shown below. Please see response to 4.0-VECC-25 for the new collective agreement.

2023-2026 Collective Agreement Wage Increases

Year	Rate	Union wage increases	In Fiscal Year
October 1, 2023	3.75%	$36,803	$9,201
October 1, 2024	3.0%	$30,546	$35,239
October 1, 2025	3.0%	$31,463	$30,775
October 1, 2026	2.9%	$31,326	$31,428

4-STAFF-36

Ref 1: Appendix 2-K
Ref 2: Exhibit 4, p. 57

Preamble:
In reference 1, FTE count for management increased by 0.5 in 2016 from 2015 while total salary and wages for management shows a decrease of $107k (13%).

Question(s):

a) Please confirm whether the increases in wages from return of two management staff members were more than offset by the salary of the Chief Financial Officer that retired in 2016.
   i) If not, please explain why there was a 0.5 increase in FTE for management while the salary and wages for management showed a reduction in 2016.

Response:

a) The salary for the return of two management staff members as well as the partial year salary for the retiring Chief Financial Officer in 2016 was lower than the partial year salary for both maternity leaves and a full year of the Chief Financial Officer in 2015, which is why there was an overall decrease in wages.

   i) There was an increase in FTE, as three non-management staff were classified as management for a portion of 2015 but as management for all of 2016 through the succession planning process.

4-STAFF-37

Ref 1: Appendix 2-K
Ref 2: Exhibit 4, p. 58

Preamble:
In reference 1, FTE count for management decreased by 0.7 in 2018 from 2017 while total salary and wages for management shows an increase of $31k (13%).

In reference 2, Orangeville Hydro states that the change in wages is a decrease of $31k. Orangeville states that the President retired within 2018. The Manager of Operations and Engineering was promoted to President. The Working Foreman was promoted to Lines Supervisor.

Question(s):

a) Please confirm that the change in total salary and wages for management is an increase of $31k in 2018.

Response:

a) The change in salary was an increase of $31k. The inclusion of the salary of the Lines Supervisor offset by the partial year salary of the retiring President created an increase over 2017.

4-STAFF-38

Ref 1: Appendix 2-K
Ref 2: Exhibit 4, p. 61

Preamble:
In reference 1, the number of FTEs for non-management shows an increase of 2 from 2022 to 2023.

In reference 2, Orangeville Hydro states that 2023 included the hiring of an Apprentice Lineperson, as well as the hiring of an Engineering Technician to replace the previously departed Engineering Technician and the hiring of the second Engineering Technician position.

Question(s):

a) Please describe how the engineering department work was performed prior to hiring additional positions (Apprentice Lineperson and Engineering Technician).
b) Please explain the need to hire (e.g. describe any increased work/projects and future plans) compared to continuing without additional positions.

Response:

a) OHL's staffing levels can vary year from year due to a variety of reasons such as:
   - Vacancies from retirements, leave, terminations, and resignations
   - Additional staff due to overlap from succession planning
   - Changes to organization structure due to:
     - Prior roles not being filled based on business need
     - New roles being created based on business need

   The hiring of an Apprentice Lineperson in 2023 was to maintain the normal operating level of five non-management lines staff. The number of lines staff may fluctuate between four and six depending on succession planning and vacancies.

   The hiring of an Engineering Technician was to maintain the normal operating level of two non-management engineering staff.

   The below table shows the number of staff by position in the years 2014, 2022, 2023, and planned for the Test Year 2024. OHL plans to operate with 20 Full-Time-Permanent staff which is lower than the 21 in 2014.

Position	2014	2022	2023	2024
President	1	1	1	1
Manager of Eng and Ops	1	1		
Lines Supervisor			1	1
Supervisor of Engineering and Metering			1	1
Sr/Eng Tech	1	1	1	1
Eng Tech	1	1		1
Meter Mechanic	1			
Working Foreman	1	1		1
Lead Hand	1	1	1	1
PLT	1	1	1	1
PLT	1	1	1	1
PLT	1	1	1	
Apprentice PLT	1		1	1
CFO	1	1	1	1
Finance Assistant/Accountant	1	1	1	1
Rates Assistant/Financial Analyst	1	1	1	1
IPOF	1	1	1	1
CDM/Admin Assistant	1			
VP, Administration/CCO/Manager of CS	1			
Manager of CS		1	1	1
Senior Clerk	1	1	1	1
CSR	1	1	1	1
CSR	1	1	1	1
Cashier	1	1	1	1
Marketing and Communications Coordinator		1	1	1
	21	19	19	20

b) As stated in response to a), the hiring of an Apprentice Lineperson in 2023 was to maintain the normal operating level of five non-management lines staff and the hiring of an Engineering Technician was to maintain the normal operating level of two non-management engineering staff.

4-STAFF-39

Ref 1: Exhibit 4, p. 63
Ref 2: Appendix 4-B, Orangeville Hydro Limited, Report on the Actuarial Valuation of Post-Retirement Non-Pension Benefits as at December 31, 2021, Final – March 1, 2022

Preamble:
Orangeville Hydro uses the accrual accounting in rate setting for pension and OPEB amounts. This is not a change in the basis in which pension and OPEB costs are included in OM&A from Orangeville Hydro's last rebasing application. The accrued benefit obligations and current service cost are calculated using the projected benefit method prorated on service and based on assumptions that reflect Management's best estimates. RSM Canada Consulting LP performed the last actuarial valuation of the post-retirement non pension benefits sponsored by Orangeville Hydro to determine the accounting results for those benefits. Orangeville Hydro completes an actuarial valuation every three years.

Employees with a minimum of fifteen years of service and who were hired before September 30, 2018 have the option to participate in Post-Retirement Health and Dental Benefits. All employees who retire from Orangeville Hydro will continue to be insured for a reduced Retirement Life Insurance benefit based on years of service in the plan. The accrued expense is based on an actuarial valuation.

A breakdown of OPEB expenses that are charged to OM&A are shown below in Table 4-40 (reference 1).

OPEB Charged to OM&A ($)			
Year	**Table 4-40 OM&A**	**Appendix 4B - Actuarial Report (Defined Benefit Cost)**	**Difference**
2021	10,548	27,114	16,566
2022	40,333	30,969	(9,364)
2023	44,705	30,870	(13,835)
2024	46,995	30,659	(16,336)

Question(s):

a) OEB staff expects that the defined benefit cost (i.e. service and interest cost) of the actuarial valuation agree to the OPEB amount accrued to OM&A. Please explain why these figures are different.
b) Please confirm that there is no capital portion for OPEB expenses and this aligns with Orangeville Hydro's capitalization policy.
c) Please explain Orangeville Hydro's proposed regulatory accounting treatment of the actuarial loss of $84,849 for the year 2021 noted in reference 2. Please confirm that this amount is not part of the test year revenue requirement.

Response:

a) Included in the OM&A values are the payments made to the benefit provider for retiree benefits and retiree life insurance, as well as offsetting payments received from retirees for a percentage of their retirement benefits.
b) OHL confirms there is no capital portion for OPEB expenses and this aligns with its capitalization policy.
c) This amount was included in Other Comprehensive Income in 2021 and is not part of the test year revenue requirement.

4-STAFF-40

Ref: Exhibit 4, p. 62

Preamble:
A comprehensive and competitive benefits package exists which includes health and dental insurance, life insurance, vacation and leave policies. The plans are designed to address the health and wellness needs of the employees, with similar plans for both union, non-union and management employees. Orangeville Hydro pays 100% of employee premiums for benefits.

OEB staff reproduced Table 4-39 Benefit Expenses and calculated the year-over-year change for OMERS and health benefits in the table below.

Table 4-39 Benefit Expenses (excerpt)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OMERS	193,633	195,058	164,218	150,736	172,108	192,810	192,886	188,253	196,157	206,053	215,168
YoY % change		1%	-16%	-8%	14%	12%	0%	-2%	4%	5%	4%
Health	123,506	120,427	104,890	97,309	105,560	112,434	120,329	107,991	122,304	155,614	171,296
YoY % change		-2%	-13%	-7%	8%	7%	7%	-10%	13%	27%	10%

Question(s):

a) Please explain the 27% increase in health expenses for the year 2023 and a further 10% increase from 2023 to 2024.

Response:

a) In the 2023 forecast, there was an increase in Health benefits included of 10%. The remaining increase is a result of two factors: two staff are currently being billed at a single rate, and OHL budgeted based on the family rate. The 2023 forecast also included an increase due to the staffing changes from 2022 actual to 2023 forecast.

In 2024, the 10% increase was used based on the 2023 actual Mearie benefits overall increase.

EXHIBIT 5 – COST OF CAPITAL

5.0-VECC-31

Ref: Exhibit 5, Appendices, 2-OA and 2-OB

a) OHL is over leveraged when comparing its actual to regulatory allowed long-term debt. In 2024 with actual long-term debt forecasted to be at $16,070,196 whereas the notional regulatory long-term debt for the purpose of ratemaking is set at $14,975,847. Given the $1,094,349 difference why is appropriate to include in the calculation of the weighted long-term debt rate the debt issuances in 2024 (744k) and why would it not be appropriate to prorate the next most recent issuance (line 2 showing start date of December 2022 at a rate of 5.007%) so as to more accurately match the notional regulatory debt with the actual debt borrowed?

b) Please recalculate the 2024 weighted debt rate removing from Table 2-OB line 9 (TD at 5.3%) and prorating the remaining "regulatory overleveraged amount" from line 2 (TD at 5.007%). Please show the adjustment to the revenue requirement/deficiency if this change were made.

Response:

a) When one compares with the total debt of $16,045,550 from the total debt from the deemed regulatory capital structure from Appendix 2-OA, OHL is over leveraged by only $26,646. OHL is over leveraged, but its overall weighted debt rate of 4.54% is still below the deemed of 4.58%.

b) The amended Table 2-OB is below which includes the requested changes.

Year 2024

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) [2]	Interest ($) [1]	Additional Comments, if any
1	Term Loan Payable 9214932-02 -4.866%	TD Bank	Third Party	Fixed	1-Aug-22	5	$ 1,927,367	0.04866	$ 94,653.23	
2	Term Loan Payable 3.40%, interest only	TD Bank	Third Party	Fixed	1-Dec-22	5	$ 1,870,196	0.05007	$ 94,196.45	
3	Term Loan Payable - 4.20%	TD Bank	Third Party	Fixed	2-Jan-19	10	$ 1,719,933	0.042	$ 72,536.88	
4	Term Loan Payable - 3.60%	TD Bank	Third Party	Fixed	31-Mar-17	10	$ 1,585,647	0.036	$ 57,337.94	
5	Term Loan Payable 9214932-12- 3.54%/5.	TD Bank	Third Party	Fixed	19-Apr-19	20	$ 3,150,302	0.0354	$ 153,848.04	
6	Term Loan Payable - 2.58% renewable	TD Bank	Third Party	Fixed	3-Feb-21	5	$ 872,052	0.0258	$ 22,593.37	
7	Term Loan Payable 9214932-13 - 4.922%	TD Bank	Third Party	Fixed	8-Sep-22	5	$ 2,916,918	0.04922	$ 144,060.36	
8	Term Loan Payable 9214932-04 - 3.62%	TD Bank	Third Party	Fixed	1-Dec-21	5	$ 933,430	0.0362	$ 33,923.86	
9	Budgeted Term Loan	TD Bank	Third Party	Fixed	31-May-24	5				
Total							$ 14,975,847	4.49%	$ 673,150.13	

The change to the revenue requirement/deficiency is depicted below.

Summary of Proposed Changes

		Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
Reference [1]	Item / Description [2]	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance ($)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
5-Staff-41	Change to 2024 Cost of Capital Parameters	$ 1,730,581	6.48%	$ 26,713,957	$ 33,101,717	$ 2,482,629	$ 1,124,239	$ 177,902	$ 4,235,523	$ 7,312,543	$ 402,186	$ 6,910,357	$ 821,259
	Change	-$ 641	0.00%	$ -	$ -	$ -	$ -	-$ 5,779	$ -	-$ 6,420	$ -	-$ 6,420	-$ 6,420
8-Staff-49	COP: Loss Factor	$ 1,731,672	6.48%	$ 26,730,795	$ 33,326,220	$ 2,499,467	$ 1,124,239	$ 178,125	$ 4,235,523	$ 7,313,858	$ 402,186	$ 6,911,671	$ 822,573
	Change	$ 1,091	0.00%	$ 16,838	$ 224,504	$ 16,838	$ -	$ 224	$ -	$ 1,314	$ -	$ 1,314	$ 1,314
8.0-VECC-41	COP: Network, Connection and Transformation per EB 2023-0030 and change to LV Rates	$ 1,732,682	6.48%	$ 26,746,381	$ 33,534,037	$ 2,515,053	$ 1,124,239	$ 178,332	$ 4,235,523	$ 7,315,075	$ 402,186	$ 6,912,888	$ 823,790
	Change	$ 1,010	0.00%	$ 15,586	$ 207,817	$ 15,586	$ -	$ 207	$ -	$ 1,217	$ -	$ 1,217	$ 1,217
3-SEC-16, 6-Staff-42,7-Staff-43, 7.0-VECC-36...	Load Forecast update to Sept 2023 actuals. CAM change to # of customers, # of meters, load data, # of USL bills, B&C Weighting factors	$ 1,733,808	6.48%	$ 26,763,767	$ 33,765,854	$ 2,532,439	$ 1,124,239	$ 178,563	$ 4,235,523	$ 7,316,432	$ 402,186	$ 6,914,245	$ 811,831
	Change	$ 1,126	0.00%	$ 17,386	$ 231,817	$ 17,386	$ -	$ 231	$ -	$ 1,357	$ -	$ 1,357	-$ 11,959
		$ 1,726,356	6.45%	$ 26,763,767	$ 33,765,854	$ 2,532,439	$ 1,124,239	$ 178,563	$ 4,235,523	$ 7,308,979	$ 402,186	$ 6,906,793	$ 804,378
	Change	-$ 7,452	-0.03%	$ -	$ -	$ -	$ -	$ -	$ -	-$ 7,452	$ -	-$ 7,452	-$ 7,452

5.0-VECC-32

Ref: Exhibit 5, Appendices, 2-OA and 2-OB

a) All of OHL's long-term debt have been borrowed from a single institution (TD Bank). Please explain what effort OHL has made to ensure it is receiving the most competitive rates on its borrowings?

Response:

a) OHL has historically borrowed from TD Bank as they offered competitive rates. Borrowing arrangements are reviewed annually. TD Bank loans represent an arm's length transaction and are deemed to be competitive.

5-SEC-23

Ref: Exhibit 6, Table 5-14

Orangeville Hydro is planning to secure new five year debt starting May 31, 2024 with a principle of $1.5M at 5.3%.

a) Please update the Cost of Capital with the 2024 Parameters issued on October 31, 2023.
b) Please explain why a five-year term has been chosen over a longer term and what interest rate could Orangeville Hydro receive for a longer-term loan?

Response:

a) The Cost of Capital with the 2024 parameters has been updated in tab 3. Data_Input_Sheet of file OHL 2024_Rev_Reqt_Workform 20240119.

b) Other than a term of 72 months, all shorter and longer terms had higher interest rates as shown below, which was provided to OHL by TD Bank when the loan was renewed. A five-year term was chosen for consistency with other loans.

Table for CX	
Contractual Term	**Fixed Rate**
6 Months	5.798%
12 Month	5.717%
24 Months	5.297%
36 Months	5.162%
48 Months	5.049%
60 Months	5.007%
72 Months	4.994%
84 Months	5.016%
96 Months	5.094%
108 Months	5.177%
120 Months	5.251%
Floating Rate (01/05/2023)	6.450%
*rates are subject to change daily	

5-STAFF-41

Ref 1: **OEB's 2024 Cost of Capital Parameters**
Ref 2: Exhibit 5, p. 4

Preamble:
On October 31, 2023, the OEB issued updated Cost of Capital Parameter updates for 2024 (reference 1).

In reference 2, Orangeville Hydro states that "OHL acknowledges that the OEB will update the ROE for 2024 at a later date and it will update this Application to reflect the OEB's updated Cost of Capital Parameters for 2024 applications and as new information is issued, to the extent that updated information is applicable to the application."

Question(s):

a) Please update the evidence using the OEB's latest approved Cost of Capital parameters.

Response:

a) The evidence has been updated with the OEB's latest approved Cost of Capital parameters in tab 3. Data_Input_Sheet of file OHL 2024_Rev_Reqt_Workform 20240119.

EXHIBIT 6 – REVENUE REQUIREMENT AND OTHER REVENUE

6.0-VECC-33

Ref: Exhibit 6, page 16

a) For each of the USOAs set out in Appendix 2-H, please explain how OHL forecasted the 2023 and 2024 amounts.
b) Please provide a schedule that sets out, for each of the USOAs set out in Appendix 2-H, the 2023 year-to-date values and the values for 2022 for the same months.

Response:

a) Please see the table below for forecasting methodology.

USoA #	2023 Forecast	2024 Budget
4082	Average of 3 prior years	Average of 6 prior years, plus applied 2023 and 2024 IRM % increase to 2022 actuals
4084	Average of 3 prior years	Average of 6 prior years, plus applied 2023 and 2024 IRM % increase to 2022 actuals
4086	1% increase over prior year	1% increase over prior year
4210	Average of 3 prior years	Fiber room rental: 1% inc over prior year Pole rental: actual connections * 2023 rental rates
4225	Average of prior 7 years	Average of prior 5 years
4235	Mainly Average of prior 3 years	Mainly increase of prior year of .5%, some are same amount as prior year, and MicroFIT based on proposed rate
4245	Based on capital contributions in fixed assets continuity schedule	Based on capital contributions in fixed assets continuity schedule
4362	Based on disposals in fixed assets continuity schedule	Based on disposals in fixed assets continuity schedule
4375	Water revenue: based on rate schedule calculation Street light revenue: average of 7 prior years Solar revenue: average of 5 prior years	Water revenue: based on rate schedule calc Street light revenue: prior year *2% Solar revenue: equal to prior year
4380	Water expenses: based on rate schedule calculation Street light expenses:: average of 7 prior years Solar expenses: average of 5 prior years	Water expenses: based on rate schedule calc Street light expenses: prior year *2% Solar expenses: equal to prior year
4390	Average of prior 3 years	Equal to forecast amount
4405	Extrapolating 4 months of current year actual for the remainder of the year	Regulatory balances: Average of prior 5 years when interest was lower as regulatory balances will be lower after Cost of Service Bank interest: estimated amount

b) Please see 6-SEC-24.

6.0-VECC-34

Ref: Exhibit 6, page 33

Preamble:
The Application states:

> *"OHL proposes to change the current monthly Service Charge for the MicroFIT customer class. OHL incurs a $26.50 monthly fee per MicroFIT meter point, from OHL's settlement provider. This $26.50 per month per MicroFIT meter point settlement fee pays for the collection of daily interval 15-minute data and calculation of the total kWh generated that needs to be deducted from IESO kWh purchases."* (emphasis added)

a) Has OHL undertaken any investigation to determine if there are other service providers who would provide the required services at a lower cost?
b) Please explain why total MicroFIT kWh generated needs to be deducted from IESO kWh purchases.

Response:

a) OHL does scan the industry for other service providers with comparable services. There are other service providers who provide some of the services provided by the current provider but not all. It would not be cost effective or efficient to move a portion of the meters to a separate provider or use two separate providers to complete all the required services, therefore OHL has remained using the same provider.

b) This was an error, the sentence should have read:

"This $26.50 per month per MicroFIT meter point settlement fee pays for the collection of daily interval 15-minute data and calculation of the total kWh generated that needs to be **added to** IESO kWh purchases." (emphasis added)

6-SEC-24

Ref: Exhibit 6, Table 6-12 & Appendix 2-H

Please provide actuals to date for Other Revenue for 2023 and for same period 2021 and 2022 in the detail provided in Appendix 2-H. Please update the forecasts for 2023 and 2024 if required.

Response:

Please see the table below for actuals to October 31st for 2021, 2022 and 2023. Forecast and budgets were not changed.

USoA #	USoA Description	Oct YTD 2021	Oct YTD 2022	Oct YTD 2023	Bridge Year 2023	Test Year 2024
	Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
4082	Retail Services Revenues	(12,139)	(12,185)	(12,058)	(14,691)	(15,847)
4084	Service Transaction Requests (STR) Revenues	(93)	(80)	(94)	(109)	(99)
4086	SSS Administration Revenue	(31,730)	(31,635)	(31,735)	(38,341)	(38,725)
4210	Rent from Electric Property	(57,083)	(67,076)	(57,607)	(63,467)	(89,651)
4225	Late Payment Charges	(50,789)	(38,247)	(44,594)	(42,478)	(44,132)
4235	Miscellaneous Service Revenues	(34,594)	(56,212)	(49,071)	(63,101)	(73,848)
4245	Government and Other Assistance Directly Credited to Income	(47,989)	(55,113)	(56,435)	(72,496)	(85,531)
4355	Gain on Disposition of Utility and Other Property	(1,839)			0	0
4362	Loss from Retirement of Utility and Other Property	31,806			48,000	48,000
4375	Revenues from Non Rate-Regulated Utility Operations	(426,326)	(391,133)	(421,854)	(550,569)	(585,970)
4380	Expenses of Non Rate-Regulated Utility Operations	379,660	465,539	373,770	482,730	526,329
4390	Miscellaneous Non-Operating Income	(8,582)	(16,615)	(5,419)	(11,009)	(11,009)
4405	Interest and Dividend Income	(20,966)	(59,987)	(193,832)	(112,384)	(31,705)
Miscellaneous Service Revenues		($34,594)	($56,212)	($49,071)	($63,101)	($73,848)
Late Payment Charges		($50,789)	($38,247)	($44,594)	($42,478)	($44,132)
Other Operating Revenues		($149,034)	($166,089)	($157,928)	($189,104)	($229,852)
Other Income or Deductions		($46,246)	($2,196)	($247,334)	($143,232)	($54,355)
Total		($280,664)	($262,745)	($498,928)	($437,914)	($402,186)

6-SEC-25

Ref 1: Exhibit 6, Table 6-12, Appendix 2-H & Appendix 2-N
Ref 2: Exhibit 4, Table 4-42

SEC has prepared the following table from data in Appendix 2-H (Revenues from Non Rate-Regulated Utility Operations and Expenses of Non Rate-Regulated Utility Operations) and Appendix 2-N (Pricing for Shared Services).

$	Appendix 2-N				Appendix 2-H			
	Revenue	Cost	Net	%	Revenue	Cost	Net	%
2014	489,386	387,054	102,332	26%	496,644	411,100	85,544	21%
2015	444,254	362,009	82,245	23%	555,944	439,056	116,888	27%
2016	430,529	355,948	74,581	21%	440,293	363,690	76,602	21%
2017	436,558	364,970	71,588	20%	572,797	409,840	162,957	40%
2018	461,334	386,283	75,051	19%	513,042	388,684	124,359	32%
2019	476,198	452,243	23,955	5%	483,552	455,996	27,557	6%
2020	464,304	455,830	8,474	2%	470,614	460,623	9,991	2%
2021	535,786	439,671	96,115	22%	541,648	443,479	98,169	22%
2022	508,147	487,903	20,244	4%	516,247	492,195	24,052	5%
2023	543,872	479,158	64,714	14%	550,569	482,730	67,840	14%
2024	579,272	522,757	56,515	11%	585,970	526,329	59,641	11%

a) Please explain why the number in Appendix 2-H shown above do not agree with Table 4-42, e.g., Appendix 2-H cost for 2024 is $526,329 as shown above not $522,757 as shown in Table 4-42.
b) SEC notes that the average mark up on the cost to provide services to affiliates for 2014 to 2018 was 22% in Appendix 2-N and 28% in Appendix 2-H, dropping to 10% for the period 2019 to 2024. Please explain the reasons for the difference 2014 to 2028 and the reduction in 2019 to 2024.

Response:

a) The difference on both the revenue and expense side of these tables is the non-utility solar generation values. These amounts are included in Appendix 2-H, but they are not

included in Appendix 2-N as these are shared services between the Town of Orangeville and Town of Grand Valley.

b) As explained in 4.0-VECC-28, the water billing rate to the Town of Orangeville and the Town of Grand Valley is calculated at the time the budget is completed. It is based on budgeted expenses, and the intent is to ensure a 10% profit margin. The rate is also based on a forecasted number of customers. Throughout the year, if the variables used to calculate this rate are different than budgeted, then the profit margin may not be realized. For example, if actual expenses are higher than budgeted, or number of customers are lower than expected, then net revenues will be lower. In the more recent years, the number of customers has been increasing at a slower rate than historical since 2015. Since 2019, there has also been a more significant increase in water related expenses as well. OHL has tried to mitigate this by increasing the water billing rate at a higher rate since 2021 and will continue this practice while expenses continue to grow.

Please see the table below showing the growth in the water billing rates, which highlights the more significant increase in water billing rates in current years.

Growth in water billing rate						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Orangeville	0.50%	-0.06%	0.93%	0.00%	0.31%	1.00%
Grand Valley	1.72%	0.00%	1.69%	0.56%	0.55%	5.00%
	2020	**2021**	**2022**	**2023**	**2024**	
Orangeville	0.00%	1.83%	2.00%	5.00%	6.00%	
Grand Valley	10.00%	10.00%	10.00%	10.00%	10.00%	

EXHIBIT 7 – COST ALLOCATION

7.0-VECC-35

Ref: Exhibit 7, pages 3 to 4

Preamble:
The Application states:

> "*General Service >50kW involves significantly more work than Residential and GS <50kW servicing both from a design and construction perspective. Due to the ownership rules for these services, OHL does not own the assets that would be charged against the services account therefore, these customer categories have been assigned a weighting factor of 0.0. Sentinel lights and Unmetered Scattered Load were given a factor of 0.0 as these service connections are infrequent and less complex in nature. Street Lighting assets do not fall under OHL ownership, however, the streetlights are connected to OHL's secondary and as such costs are captured outside of Account 1855*."

a) With respect to the GS>50kW class, are the costs (operating and capital) incurred by OHL from a design and construction perspective for providing service connections all billed directly to and, thus, paid for by the customer concerned?
If not, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per customer incurred by OHL?

b) With respect to Sentinel Lights and Unmetered Scattered Load customers, are any costs (operating or capital) incurred by OHL in connecting their load to the OHL's secondary system?
If yes, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per customer incurred by OHL?

c) With respect to Street Lighting assets, are any costs (operating or capital) incurred by OHL in connecting them to the OHL's secondary system?
If yes, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per connection incurred by OHL

Response:

a) GS>50kW service connections are billed directly to the customer.

b) Sentinel lights connections increased by 5 only from 2014 to 2024. Unmetered Scattered Load connections have declined from 104 in 2014 to 96 in 2024. This is why a weighting factor of 0 was given to those customers.

c) Street Lighting connections are billed directly to the Town.

7.0-VECC-36

Ref: Exhibit 7, page 4
Preamble:
The Application states:

> "*In determining the weighting factors for Billing and Collecting, OHL conducted an analysis of producing customer bills for different rate classes. Work processes and efforts were reviewed with billing staff and the amount of time to produce one bill per customer class was calculated. OHL also completed a detailed analysis of costs being booked to 5315 – 5340, except 5335.*"

a) Please provide a copy of the referenced analysis.

Response:

a) OHL had prepared the initial application with 2022 actual values. OHL updated the weighting factors for billing and collecting so that it would reflect the 2024 Test year budget of $935,828 and the load forecast number of customers.

Costs were allocated based on the different customer groups involved in incurring the different costs. Some allocations were manually changed based on internal discussion as to efforts being spent on different customer classes, a notable one being the 5315 allocation of Senior CSR wages.

Orangeville Hydro Limited
Cost of Service 2024
EB-2023-0045
Billing and Collecting Weighting Factors

2024										
# of Forecast Customers 2024				11,741	1,168	126	3	31	31	
# of Forecast Connections 2024							2,974	157	96	
APH	**GL**	**Description**	**Total**	**Residential**	**General Service < 50 kW**	**General Service > 50 kW**	**StreetLight (per connection)**	**Sentinel Light (per connection?)**	**Unmetered Scattered Load (per connection?)**	**Total**	**Check**
5305	Wages	B&C Supervision	135,978	121,866	12,129	1,309	31	322	322	135,978	-
Total for 5305				**121,866**	**12,129**	**1,309**	**31**	**322**	**322**	**135,978**	-
5315	Wages	Senior CSR	78,639			77,139	500	500	500	78,639	-
		2 x CSR	61,534	55,964	5,570					61,534	-
		Cashier	17,568	15,978	1,590					17,568	-
			157,740								
5315	10-500-53150-05-504	Postage	3,738	3,350	333	36	1	9	9	3,738	-
5315	10-500-53150-05-506	Stationary	1,193	1,069	106	11	0	3	3	1,193	-
5315	10-500-53150-05-507	Office Supplies	480	430	43	5	0	1	1	480	-
5315	10-500-53150-05-508	Computer Supplies	360	323	32	3	0	1	1	360	-
5315	10-500-53150-05-512	Filenexus	18,593	16,663	1,658	179	4	44	44	18,593	-
5315	10-500-53150-05-521	Conferences	4,000	3,585	357	39	1	9	9	4,000	-
5315	10-500-53150-05-522	Associations	2,734	2,450	244	26	1	6	6	2,734	-
5315	10-500-53150-05-523	Subscriptions	-	-	-	-	-	-	-	-	-
5315	10-500-53150-05-524	Training	8,000	7,170	714	77	2	19	19	8,000	-
5315	10-500-53150-05-525	Staff Related	1,440	1,291	128	14	0	3	3	1,440	-
5315	10-500-53150-05-527	Advertising-Cust Education	1,000	896	89	10	0	2	2	1,000	-
5315	10-500-53150-05-528	Meals	750	672	67	7	0	2	2	750	-
5315	10-500-53150-05-536	Mileage	-	-	-	-	-	-	-	-	-
5315	10-500-53150-06-631	Computer Consultant	254,516	228,101	22,702	2,451	58	602	602	254,516	-
5315	10-500-53150-06-635	Smart Meters	44,474	39,858	3,967	428	10	105	105	44,474	-
5315	10-500-53150-06-642	Equipment Mtce	600	538	54	6	0	1	1	600	-
										-	-
5315	Retailer Charges		10,714	9,602	956	103	2	25	25	10,714	-
Total for 5315				**387,938**	**38,610**	**80,534**	**581**	**1,334**	**1,334**	**510,332**	

53200	Wages	Senior CSR	32,923			32,623	100	100	100	32,923	-
		2 x CSR	34,633	31,498	3,135					34,633	-
		Cashier	40,390	36,734	3,656					40,390	-
		Marketing Coordinator	14,519	13,205	1,314					14,519	-
		Finance	3,151	2,866	285					3,151	-
		Lines	12,959	11,672	1,162	125				12,959	-
			138,575								
										-	-
	10-100-53200-02-200	Vehicles	2,380	2,144	213	23				2,380	-
	10-600-53200-02-200	Vehicles	-							-	-
	10-500-53200-05-501	Cell Phone	-							-	-
	10-500-53200-05-504	Postage	5,122	4,591	457	49	1	12	12	5,122	-
	10-500-53200-05-506	Stationary	1,684	1,509	150	16	0	4	4	1,684	-
	10-500-53200-05-507	Office Supplies	6,034	5,408	538	58	1	14	14	6,034	-
	10-500-53200-05-508	Computer Supplies	-	-	-	-	-	-	-	-	-
	10-500-53200-05-521	Computer Supplies	-	-	-	-	-	-	-	-	-
	10-500-53200-05-524	Training	1,500	1,344	134	14	0	4	4	1,500	-
	10-500-53200-05-525	Staff Related	120	108	11	1	0	0	0	120	-
	10-500-53200-05-527	Advertising	-	-	-	-	-	-	-	-	-
	10-500-53200-05-528	Meals	75	67	7	1	0	0	0	75	-
	10-500-53200-05-530	Bank Charges	31,196	27,958	2,783	300	7	74	74	31,196	-
	10-500-53200-06-601	Customer Service-Regular	-	-	-	-	-	-	-	-	-
	10-500-53200-06-631	Consultant	16,296	14,605	1,454	157	4	39	39	16,296	-
	10-500-53200-06-632	Legal Costs	2,500	2,241	223	24	1	6	6	2,500	-
	10-500-53200-06-641	Contractors	6,759	6,058	603	65	2	16	16	6,759	-
	10-000-53200-09-901	Prepaids	-	-	-	-	-	-	-	-	-
	10-500-53200-09-902	Credit insurance	23,335	20,913	2,081	225	5	55	55	23,335	-
otal for 5315				**182,918**	**18,205**	**33,683**	**122**	**324**	**324**	**235,575**	
53400	Wages	Marketing Coordinator	53,943	49,060	4,883					53,943	-
otal for 5340				**49,060**	**4,883**	-	-	-	-	**53,943**	
otal for Billing and Collecting				**741,782**	**73,827**	**115,526**	**734**	**1,980**	**1,980**	**935,828**	Agreed to App 2-JC
ollars per customer bill				$ 5.27	$ 5.27	$ 76.32	$ 20.38	$ 5.32	$ 5.32		
		2024 COS Weighing Factors		**1.0**	**1.0**	**14.5**	**3.9**	**1.0**	**1.0**		
		2014 COS Weighing Factors		1	1	17	18	2	2		

This information has been provided in the file OHL_IRR_Att_7.0-VECC-36 OHL Billing and Collecting Weighting Factors for Cost allocation

7.0-VECC-37

Ref: Cost Allocation Model, Tabs I6.2, I7.1 and I7.2 Exhibit 3, page 4

a) Please explain why the customer counts for the Residential, GS<50 and GS>50 classed used in Tab I7.1 of the Cost Allocation Model don't match the forecast values for 2024 per the load forecast in Exhibit 3.

b) In Tab I6.2 the CCP, CCLT and CCS values for Sentinel are all 34. Please explain what the 34 represents (i.e., is it the number of Sentinel customers or the number of connections to OHL's system).

c) In Tab I6.2 the CCP, CCLT and CCS values for USL are all 31. Please explain what the 31 represents (i.e., is it the number of USL customers or the number of connections to OHL's system).

Response:

a) The customer counts used in Tab I7.1 of file OHL 2024_Cost_Allocation_Model_1.0_20240119 now match the 2024 load forecast Tab Rate Class Customer Model in file OHL 2024 Load Forecast Model 20240119.

b) This is the number of Sentinel lights customers as at December 31, 2022. As at December 31, 2023, it is still 34.

c) This is the number of USL customers as at December 31, 2022. As at December 31, 2022, it is 28. This has been changed in file OHL 2024_Cost_Allocation_Model_1.0_20240119.

7-STAFF-42

Weighting factors
Ref: Exhibit 7, pp. 4-5

Preamble:
Orangeville Hydro states that it conducted an analysis of producing customer bills for different rate classes. The evidence provided does not include detail sufficient to derive the weighting factors used.

Question(s):

a) Please provide the analysis underpinning the derivation of the proposed Billing and Collecting weighting factors.
b) Are charges related to the sentinel lighting rate class typically included with charges for services under other rate classes on the same bill?
c) If the answer to b) is yes, has this been factored into the billing and collecting weighting factors?

Response:

a) Please see 7.0-VECC-36.

b) Sentinel light accounts are charged by themselves. There are no other charges on their bill.

c) n/a

7-STAFF-43

Meter Capital
Ref: Cost Allocation Model, Tab I6.2 Customer Data and Tab I7.1 Meter Capital

Preamble:
Orangeville Hydro has included fewer meters on the Meter Capital worksheet than customer count for the Residential and GS < 50 rate classes. In the residential class, 11,725 customers are forecasted, but 11,575 meters are used. In the GS < 50 rate class, 1,176 customers are forecasted, but 1,159 meters are used.

Question(s):

a) Please review the meters expected to be used by each rate class and revise the counts on sheet I7.1 as required.

Response:

a) The counts on sheet I7.1 have been changed to reflect the load forecast.

7-STAFF-44

Revenue-to-cost
Ref: Exhibit 7, p. 10

Preamble:
Orangeville Hydro is proposing to increase the revenue-to-cost ratio for the Sentinel Lighting rate class from 58.5% to 80% in a single year. The proposed total bill impact is 37%.

Question(s):

a) As a scenario, please provide the total bill impact to the Sentinel Light rate class if the revenue-to-cost ratio were adjusted to 80% over two years instead of one.

Response:

a) OHL is proposing to increase the revenue-to-cost ratio for the Sentinel Lighting rate class from 66.24% to 80% as a result of making changes during the course of interrogatories.

In order to adjust the revenue-to-cost ratio over the course of two years, OHL would increase its proposed R/C ratio to 73.12% in the first year and to 80% through the next year's IRM proceedings.

This would affect the rates to both residential and sentinel lights as below.

Customer Class	Proposed Fixed Rate	Scenario Fixed Rate	Proposed Variable Charge	Scenario Variable Charge	Total Distribution Revenue	Scenario Distribution Revenue
Residential	$ 32.85	$ 32.85	$ -	$ -	$ 4,627,023.00	$ 4,628,444.09
Sentinel Lighting	$ 5.09	$ 4.61	$ 19.9362	$18.0627	$ 15,121.00	$ 13,699.66

The bill impacts to sentinel lights would be 37.6% by changing the R/C ratio to 80% in a single year. This scenario has been provided in OHL_IRR_Att_7-Staff-44 OHL 2024_Tariff_Schedule_and_Bill_Impact_Model 20240119 Sentinel over 2 years.

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total A		Sub-Total B		Sub-Total C		Total Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$ 4.06	13.9%	$ 5.17	13.2%	$ 4.93	9.6%	$ 5.00	3.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$ (0.35)	-0.5%	$ 1.82	2.0%	$ 1.18	1.0%	$ 1.20	0.4%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - RPP	kW	$ 42.76	12.0%	$ 74.26	13.3%	$ 74.26	13.3%	$ 74.91	3.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ 16.08	60.2%	$ 21.57	72.7%	$ 21.52	65.7%	$ 21.80	37.6%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ (372.89)	-29.9%	$ 256.10	18.7%	$ 253.91	16.8%	$ 286.91	9.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$ 1.30	12.8%	$ 2.76	19.5%	$ 2.66	14.0%	$ 2.70	5.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	$ 4.06	13.9%	$ 4.87	12.3%	$ 4.63	9.0%	$ 4.69	3.6%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Ret	kWh	$ (0.35)	-0.5%	$ 0.81	0.9%	$ 0.18	0.2%	$ 0.18	0.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ 72.25	7.5%	$ 177.94	9.3%	$ 177.94	9.3%	$ 198.46	1.1%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ (1,690.09)	-20.0%	$ 1,574.92	17.9%	$ 1,563.44	16.4%	$ 1,765.43	9.7%

If the R/C ratio was phased in by setting the R/C ratio to 73.12% in the first year, the bill impact would be 28.8%.

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total A		Sub-Total B		Sub-Total C		Total Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$ 4.55	15.6%	$ 0.41	1.1%	$ 1.27	2.5%	$ 1.29	1.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$ 2.87	4.5%	$ 6.44	7.2%	$ 8.53	7.1%	$ 8.64	2.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - RPP	kW	$ 33.92	9.6%	$ 84.13	15.1%	$ 84.13	15.1%	$ 84.91	3.5%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ 10.39	38.9%	$ 16.23	54.7%	$ 16.46	50.2%	$ 16.67	28.8%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ (376.74)	-30.2%	$ 257.78	18.8%	$ 268.05	17.7%	$ 302.88	10.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$ 1.28	12.6%	$ 2.97	21.0%	$ 3.30	17.4%	$ 3.34	6.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	$ 4.55	15.6%	$ 0.11	0.3%	$ 0.97	1.9%	$ 0.99	0.7%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Reta	kWh	$ 2.87	4.5%	$ 5.43	6.0%	$ 7.53	6.3%	$ 7.62	2.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ 50.01	5.2%	$ 242.13	12.6%	$ 242.13	12.6%	$ 271.00	1.5%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ (1,721.71)	-20.4%	$ 1,572.46	17.9%	$ 1,626.24	17.0%	$ 1,836.40	10.1%

EXHIBIT 8 – RATE DESIGN

8.0-VECC-38

Ref: Exhibit 8, page 5

Preamble:
The Application sets out the calculation of the current fixed/variable split for each rate class in Table 8-3.

a) Please confirm that for the GS>50 class the total variable revenue (at existing rates) should be $695,919 and the overall total revenue (at existing rates) should be $979,900.

Response:

a) OHL confirms that the GS>50 kW overall total revenue in the initial application should have been $979,900. Table 8-3 included an amount of $1,073,989 which included transformer revenue. The distribution revenue for GS>50 net of transformer allowance is $979,900 as shown below:

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	93,562,278		140,694		4,102,637	0	4,102,637		4,102,637	67.38%
General Service < 50 kW	34,272,791		14,117		517,403	383,855	901,259		901,259	14.80%
General Service 50 to 4,999 kW	133,456,842	313,259	1,512		283,981	790,008	1,073,989	94,089	979,900	16.09%
Sentinel Lighting	99,920	278		1,890	6,900	3,968	10,868		10,868	0.18%
Street Lighting	883,782	2,462		36,179	60,058	22,654	82,711		82,711	1.36%
Unmetered Scattered Load	370,613			1,161	8,128	3,595	11,723		11,723	0.19%
TOTAL	**262,646,227**	**315,998**	**156,323**	**39,231**	**4,979,107**	**1,204,080**	**6,183,187**	**94,089**	**6,089,098**	**100.00%**

This agrees with the cost allocation model from the initial application and is broken out as follows. The variable revenue at existing rates of $695,919 is made up of the total of variable distribution revenue of $790,008 less transformer allowance of $94,089.

Component	Load Forecast # Customers or kW	Current Rates	2024 Base Revenue with 2023 Approved Rates
Fixed Revenue	126	$ 187.83	$ 283,980
Variable Revenue	313,259	$ 2.5219	$ 790,009
Tx Allowance	156,815	$ (0.60)	$ (94,089)
Total			$ 979,900

8.0-VECC-39

Ref: Exhibit 8, RTSR Model, Tab 3 and 5

a) Please confirm that both the customer class usage data in Tab 3 and the billed data in Tab 5 are based on 2022 actuals. If not confirmed, please provide a revised RTSR Model where the same year's data is used in both Tabs.

Response:

a) OHL confirms that the data in Tab 3 and the billed data in Tab 5 are based on 2022 actuals.

8.0-VECC-40

Ref: Exhibit 8, page 14 and Appendix 8-C, page 9

a) Please confirm that the $37.38 specific charge for access to the power poles needs to be updated to $37.78 per the Board's Decision EB-2023-0194.

Response:

a) The specific service charge for access to power poles has been updated in the 2024 tariff as referenced in Appendix 8-C, page 9, per the Board's Decision EB-2023-0194.

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration		
Arrears certificate	$	15.00
Pulling post dated cheques	$	15.00
Notification charge	$	15.00
Account history	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque (plus bank charges)	$	15.00
Charge to certify cheque	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Special meter reads	$	30.00
Non-Payment of Account		
Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	$	65.00
Reconnection at meter - after regular hours	$	185.00
Reconnection at pole - during regular hours	$	185.00
Reconnection at pole - after regular hours	$	415.00
Other		
Temporary service - install & remove - overhead - no transformer	$	500.00
Temporary service - install & remove - underground - no transformer	$	300.00
Temporary service - install & remove - overhead - with transformer	$	1,000.00
Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments)	$	37.78

8.0-VECC-41

Ref: Exhibit 8, pages 15 to 16, RTSR Model, Tab 9 – LV Rates, Load Forecast Model, Summary Tab

a) Please provide the details regarding the determination of the actual Host charges for 2022 (i.e., the rates and volumes for each bill item).
b) Please provide the detailed calculations setting out the determination of the 2023 and 2024 Host volumes – showing all of the inputs and how they were determined.
c) Please provide the details regarding the calculation of the forecast 2024 HONI ST rates applied to the Host volumes forecast for 2024.
d) Based on (a) and (b), please provide the calculations for the total LV costs in 2023 and 2024 ($838,001 and $936,547 respectively per Exhibit 8).
e) In the RTSR Model (Tab 9) the Host volumes are increasing over the period 2022 to 2024 (2022 - 511,979 kW; 2023 – 513,181 kW and 2024 – 514,385 kW). However, in the Load Forecast Model the power purchases are declining over this period from 275,977,471 kWh in 2022 to 271,354,445 in 2024. Please explain why OHL is forecasting an increase in the Host's volumes for ST charges when overall purchases are decreasing.

Response:

a) Actual host charges for 2022 were entered directly from the Hydro One invoices received for 2022 consumption.

Summary of Hydro One Bills for 2022								GL	47500-00-000					
								GL	47500-00-001					
		HYDRO ONE BILL												
		Earning Shared Mechanism Vol Ri	Earning Shared Mechanism Vol Ri	Deferred Tax Asset Vol Rid	Deferred Tax Asset Fixed F	Smart Meter Funding Adder	Monthly Service Charge		LVDS - Low		Volumetric Rate Rider #29A		Common ST Lines	Total Hydro One Bill
Jan	Qty	0	0	1	5		5		1					
Jan	Rate	$ (15.70)	0	0.054	36.18		612.97		1.6888		$ -		1.6208	
July-	Qty													
July-	Rate													
January		-	-	2,343.44	180.90		3,064.85	2,441.11	4,122.55	43,397.03	-	43,397.03	70,337.91	80,049.65
February		-	-	2,283.23	180.90		3,064.85	2,396.08	4,046.50	42,282.10	-	42,282.10	68,530.82	78,106.30
March		-	-	2,116.64	180.90		3,064.85	2,225.86	3,759.03	39,197.06	-	39,197.06	63,530.59	72,652.01
April		-	-	1,934.96	180.90		3,064.85	1,991.97	3,364.04	35,832.68	-	35,832.68	58,077.61	66,622.36
May		-	-	2,532.96	180.90		3,064.85	2,181.71	3,684.47	46,906.62	-	46,906.62	76,026.24	85,489.42
June		-	-	2,645.26	180.90		3,064.85	2,395.15	4,044.93	48,986.29	-	48,986.29	79,396.98	89,332.92
July		-	-	2,610.63	180.90		3,064.85	2,504.27	4,229.21	48,345.01	-	48,345.01	78,357.60	88,443.19
August		-	-	2,557.48	180.90		3,064.85	2,648.64	4,473.02	47,360.70	-	47,360.70	76,762.23	87,038.48
September		-	-	2,257.76	180.90		3,064.85	2,035.61	3,437.75	41,810.30	-	41,810.30	67,766.13	76,707.39
October		-	-	1,939.22	180.90		3,064.85	1,818.40	3,070.91	35,911.51	-	35,911.51	58,205.37	66,461.25
November		-	-	2,190.44	180.90		3,064.85	2,378.90	4,017.49	40,563.67	-	40,563.67	65,745.60	75,199.28
December		-	-	2,234.84	180.90		3,064.85	2,701.23	4,561.84	41,385.97	-	41,385.97	67,078.38	77,120.81
				0							0	0	0	
		-	-			-	36,778.20	27,718.93	46,811.74	511,978.94	-	511,978.94	829,815.46	943,223.06

b) 2023 aggregate Host volumes: 2022 actual volumes 511,978.94kW * load forecast average load change .986640 = 505,138.74

2024 aggregate Host volumes: 2023 calculated volumes 505,138.74 * load forecast average load change .999637 = 504,955

2023 and 2024 volumes used for calculation of the LVDS low charge: same methodology as the aggregate volumes, using 2022 actuals as the base.

Calculation Summary

Component	2023 kW calculation	2024 kW calculation
OV TS 2022 kW	511,978.94	505,138.74
Load forecast Average load change	0.986640	0.999637
Total	**505,138.74**	**504,955.16**
LVDS Low 2022 kW	27,718.93	27,348.60
Load forecast Average load change	0.986640	0.999637
Total	**27,348.60**	**27,338.66**

Component	2023 kW calculation	2024 kW calculation
LV Charges	$882,264	$927,959
LV Rate Riders	-$56,601	-$71,300
Total	**$825,662**	**$856,659**

Actual 2023 rates from Hydro One bill

Actual 2024 rates from Hydro One tariff

Load forecast average load change calculation:

- 2023: Total 2023 demand from Rate Class Load Model tab of Load Forecast 316,113 / Total 2022 demand from Rate Class Load Model tab of Load Forecast 320,394 = .986640
- 2024: Total 2024 demand from Rate Class Load Model tab of Load Forecast 315,998 / Total 2023 demand from Rate Class Load Model tab of Load Forecast 316,113 = .999637

c) The 2024 HONI ST rates have been updated with the actual Hydro One Sub Transmission rates from the Hydro One January 1, 2024 Decision and Order issued on December 14, 2023.

d) 2023:
All rates used are actual 2023 rates from HONI invoice. The calculated demand is multiplied by the rate and/or the quantity if applicable. The total LV costs have changed to $825,662.45 after the change to the volumes has been calculated.

Summary of Hydro One Bills for 2023

Based on quantity
Based on Grand Valley consumption - calculated using same methodology as total volumes
Based on total consumption - 2022 actual demand multiplied by Load forecast Average GS>50 load change

HYDRO ONE BILL

		Earning Shared Mechanism Vol Ri	Earning Shared Mechanism Vol Ri	Deferred Tax Asset Vol Rid	Deferred Tax Asset Fixed F	Smart Meter Funding Adder	Monthly Service Charge	LVDS - Low	Volumetric Rate Rider #29A		Common ST Lines	Rider Disposition Group 1	Rider Disposition Group 2	Rider Disposition Group 2	Total Hydro One Bill
Jan	Qty	0	0	1	5		5	1							
Jan	Rate	$ (15.70)	0	0.054	36.18		824.28	1.9296	$ -		1.5442	-0.134	-0.0357	0.0285	
2023 forecast costs				$ 13,638.75	1085.4		49456.8	52,771.85			780,035.25	(67,688.59)	(18,033.45)	14,396.45	$ 825,662.45
2023 forecast volumes				505,138.74				27,348.60		505,138.74					
										Aggregate volumes					
Load forecast Average load change				0.986640											

2024:
The Decision and Order for January 1, 2024 rates for Hydro was issued on December 14, 2023. The LV costs calculation was updated based on the Sub Transmission rates included in this Decision and Order. The LV costs have changed to $856,658.99 due to the change in volumes calculation, and the update of actual Sub Transmission rates.

Summary of Hydro One Bills for 2024-forecast

Based on quantity
Based on Grand Valley consumption - calculated using same methodology as total volumes
Based on total consumption - 2022 actual demand multiplied by Load forecast Average GS>50 load change

		HYDRO ONE BILL												
		Earning Shared Mechanism Vol Ri	Earning Shared Mechanism Vol Ri	Deferred Tax Asset Vol Rid	Deferred Tax Asset Fixed F	Smart Meter Funding Adder	Monthly Service Charge	LVDS - Low	Volumetric Rate Rider #29A	Common ST Lines	Rider Disposition Group 1	Rider Disposition Group 2	Rider Disposition Group 2	Total Hydro One Bill
Jan	Qty	0	0	1	5		5	1						
Jan	Rate						824.28	2.0255	$ -	1.6301	-0.134	-0.0072		
2024 forecast costs				$ -	$ -		$ 49,456.80	$ 55,374.45		$ 823,127.41	$ (67,663.99)	$ (3,635.68)	$ -	$ 856,658.99
2024 forecast volumes							27,339		504,955					
									Aggregate volumes					
Load forecast Average load change				0.999637										

All LV costs and volumes for 2023 and 2024 have been updated in the RTSR model.

e) OHL has changed the methodology to calculate the LV volumes for 2023 and 2024, as the volumes should have been declining. Please see response to part b) of this question.

8.0-VECC-42

Ref: Exhibit 8, page 18, Table 8-17, Load Forecast Model, Summary Tab

a) Please explain why neither the A(1) or the A(2) values Table 8-17 match the historic purchases as shown in the Summary Tab (Row 4) of the Load Forecast Model

Response:

a) The “Wholesale” kWh delivered to distributor (lower value) A(2) matches the Actual kWh Purchases in Summary Tab, Row 4, of the Load Forecast Model.

8.0-VECC-43

Ref: Exhibit 8, page 20

a) Does OHL have customers that are solely Sentinel customers (i.e., they receive Sentinel service and no other service from OHL)? If so, how many of the 98 Sentinel customers in 2022 were in this category?

Response:

a) All of OHL's Sentinel customers receive sentinel service and no other service from OHL.

8-SEC-26

Ref: [Ex. 8, p. 6, Table 8-5, Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, p. 51]

The 2024 Filing Requirements state that "If a distributor's current fixed charge for any non-residential class is higher than the calculated ceiling, there is no requirement to lower the fixed charge to the ceiling, nor are distributors expected to raise the fixed charge further above the ceiling for any nonresidential class."

a) Please explain why Orangeville Hydro considers the examples offered on page 6 to apply to Orangeville Hydro, given what the Filing Requirements state.
b) Please redo the bill impacts for the GS > 50 kW class using the Ceiling Fixed Charge from the Cost Allocation.

Response:

a) OHL has analyzed the results of its rate design and has determined that keeping the 2014 fixed to variable ratios would result in the following.

Customer Class	Proposed Fixed Rate	Existing Fixed charge	Ceiling	Existing above ceiling?	Proposed above ceiling?
Residential	32.85	29.16	22.18	yes	yes
General Service < 50 kW	41.53	36.65	23.34	yes	yes
General Service 50 to 4,999	217.41	187.83	189.49	no	yes
Sentinel Lighting	5.09	3.65	10.77	no	no
Street Lighting	1.88	1.66	3.12	no	no
Unmetered Scattered Load	7.93	7	8.64	no	no

b) The file OHL_IRR_Att_8-SEC-26 OHL 2024_Tariff_Schedule_and_Bill_Impact_Model 20240119 contains the bill impacts as reproduced below.

Customer Class:	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	
RPP / Non-RPP:	RPP	
Consumption	17,696	kWh
Demand	60	kW
Current Loss Factor	1.0481	
Proposed/Approved Loss Factor	1.0479	

	Current OEB-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 187.83	1	$ 187.83	$ 189.48	1	$ 189.48	$ 1.65	0.88%
Distribution Volumetric Rate	$ 2.5219	60.44415	$ 152.43	$ 3.0047	60.44415033	$ 181.62	$ 29.18	19.14%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	$ 0.2451	60.44415	$ 14.81	$ (0.0321)	60.44415033	$ (1.94)	$ (16.76)	-113.10%
Sub-Total A (excluding pass through)			$ 355.08			$ 369.16	$ 14.08	3.96%
Line Losses on Cost of Power	$ -	-	$ -	$ -	-	$ -	$ -	
Total Deferral/Variance Account Rate Riders	$ 2.1288	60	$ 128.67	$ 2.7323	60	$ 165.15	$ 36.48	28.35%
CBR Class B Rate Riders	$ (0.0429)	60	$ (2.59)	$ -	60	$ -	$ 2.59	-100.00%
GA Rate Riders	$ -	17,696	$ -	$ -	17,696	$ -	$ -	
Low Voltage Service Charge	$ 1.2728	60	$ 76.93	$ 1.2690	60	$ 76.70	$ (0.23)	-0.30%
Smart Meter Entity Charge (if applicable)	$ -	1	$ -	$ -	1	$ -	$ -	
Additional Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Additional Volumetric Rate Riders		60	$ -	$ 0.1881	60	$ 11.37	$ 11.37	
Sub-Total B - Distribution (includes Sub-Total A)			$ 558.09			$ 622.38	$ 64.29	11.52%
RTSR - Network	$ -	60	$ -	$ -	60	$ -	$ -	
RTSR - Connection and/or Line and Transformation Connection	$ -	60	$ -	$ -	60	$ -	$ -	
Sub-Total C - Delivery (including Sub-Total B)			$ 558.09			$ 622.38	$ 64.29	11.52%
Wholesale Market Service Charge (WMSC)	$ 0.0045	18,547	$ 83.46	$ 0.0045	18,544	$ 83.45	$ (0.01)	-0.02%
Rural and Remote Rate Protection (RRRP)	$ 0.0007	18,547	$ 12.98	$ 0.0007	18,544	$ 12.98	$ (0.00)	-0.02%
Standard Supply Service Charge	$ 0.25	1	$ 0.25	$ 0.25	1	$ 0.25	$ -	0.00%
TOU - Off Peak	$ 0.0740	11,684	$ 864.65	$ 0.0740	11,682	$ 864.50	$ (0.15)	-0.02%
TOU - Mid Peak	$ 0.1020	3,338	$ 340.52	$ 0.1020	3,338	$ 340.46	$ (0.06)	-0.02%
TOU - On Peak	$ 0.1510	3,524	$ 532.11	$ 0.1510	3,523	$ 532.01	$ (0.09)	-0.02%
Total Bill on TOU (before Taxes)			$ 2,392.06			$ 2,456.03	$ 63.98	2.67%
HST	13%		$ 310.97	13%		$ 319.28	$ 8.32	2.67%
Ontario Electricity Rebate	11.7%		$ (279.87)	11.7%		$ (287.36)	$ (7.49)	
Total Bill on TOU			$ 2,423.15			$ 2,487.96	$ 64.81	2.67%

8-STAFF-45

Fixed/Variable Charge
Ref: Exhibit 8, pp. 6-7

Preamble:
Orangeville Hydro is proposing to maintain the fixed / variable split for all rate classes. The fixed charge in the GS < 50 rate class is already above the ceiling from the cost allocation model, defined as the minimum system with peak load carrying capability (PLCC) adjustment. The fixed charge in the GS 50 – 4,999 kW is proposed to increase to a level above the ceiling.

Question(s):

a) As a scenario, please indicate the variable charges that would result if the fixed charge were maintained at its current level in the GS < 50 kW rate class, and increased only to the ceiling in the GS 50 – 4,999 kW rate class.

Response:

a) The variable charges that would result if the fixed charge were maintained at its current level of approved fixed charge of $36.65 in the GS<50 kW rate class and increased only to the ceiling (Customer Unit Cost per month-Minimum System with PLCC Adjustment in CAM) of $189.48. The departure from OHL's current fixed-to-variable ratio would be to move $110k from safer fixed revenues to riskier variable revenues. OHL is risk averse.

Customer Class	Proposed Fixed Rate	Scenario Fixed Rate	Proposed Variable Charge	Scenario Variable Charge	Fixed Proposed Distribution Revenue	Variable Proposed Distribution Revenue	Fixed Scenario Distribution Revenue	Variable Scenario Distribution Revenue
General Service < 50 kW	$ 32.84	$ 32.84	$0.0000	$0.0000	$ 4,627,023.13	$ -	$ 4,627,023.13	$ -
General Service 50 to 4,999	$ 41.52	$ 36.65	$0.0127	$0.0147	$ 582,157.88	$ 437,026	$ 513,899.02	$ 505,285
Sentinel Lighting	$ 217.36	$ 189.48	$2.8717	$3.0047	$ 328,994.10	$ 816,928	$ 286,798.71	$ 859,123
Street Lighting	$ 5.09	$ 5.09	$19.9362	$19.9362	$ 9,598.57	$ 5,522	$ 9,598.57	$ 5,522
Unmetered Scattered Load	$ 1.88	$ 1.88	$10.4262	$10.4262	$ 67,112.61	$ 25,495	$ 67,112.61	$ 25,495
					$ 5,614,886.28	$ 1,284,970.48	$ 5,504,432.03	$ 1,395,424.73
					81%		80%	

8-STAFF-46

Retail Transmission Service Rates
Ref 1: Exhibit 8, pp. 10-11
Ref 2: RTSR Model

Preamble:
Orangeville Hydro completed its RTSR model using 2023 Uniform Transmission Rates (UTRs). Orangeville Hydro states that it committed to updating its RTSR calculation if final 2024 UTRs become available before a decision and order is issued in this proceeding.

Question(s):

a) Please update the RTSR model to reflect final 2024 UTRs, if available at the time of responding.

Response:

a) OHL has updated the RTSR model to reflect the final UTRs, as updated in the OEB letter of September 28, 2023 titled 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, OEB File Number: EB-2023-0222.

8-STAFF-47

Retailer Service Charges
Ref 1: Exhibit 8, pp. 11-12
Ref 2: EB-2023-0193 **Decision and Order on inflationary adjustment for energy retail service charges**, September 26, 2023

Preamble:
Orangeville Hydro has filed retail service charges based on an assumed use of a historic inflation rate. The OEB has updated the standard energy retailer service charges.

Question(s):

a) Please confirm whether Orangeville Hydro proposes to use the standard retail service charges or is applying for the charges presented in its application.

b) If Orangeville Hydro proposes to use the standard retail service charges, please confirm that the models will be updated to reflect this the next time they are filed.

Response:

a) OHL's standard retail service charges in its initial application are the same as those found in EB-2023-0193. OHL used the OEB's inflationary rate of 4.8% for 2024 which was issued in the OEB Letter, 2024 Inflation Parameters on June 29, 2023.

b) No model change required.

8-STAFF-48

microFIT charge
Ref: Exhibit 8, p. 14 and Exhibit 6, pp. 33-34

Preamble:
Orangeville Hydro is proposing to increase the microFIT service charge to $26.50.

Question(s):

a) Has Orangeville Hydro consulted the impacted customers about this charge? If so, please indicate when customers were consulted, and provide any feedback received.

Response:

a) OHL has not consulted the impacted customers about this charge. The application for approval of an updated microFIT monthly service charge was included in the Notice of Hearing. There has been no feedback received.

8-STAFF-49

Loss Factor
Ref: Exhibit 8, pp. 16-17

Preamble:
A two-year average was used to calculate the proposed loss factor of 4.79% rather than a five-year average. Orangeville Hydro states that this is due a underbilling a large customer which impacts the five-year calculation.

Question(s):

a) Is Orangeville Hydro able to calculate the estimated volumes using the correct meter multiplier for the years 2018 to 2020?
b) If the answer to a) is yes, please provide a revised loss factor calculation based on the 5 years of adjusted history.
c) If Orangeville Hydro is aware of any reason why it would be inappropriate to use the loss factor calculation from part b), please explain.

Response:

a) Yes, OHL was able to estimate the volumes using the correct meter multiplier for 2018 to 2020.

b) OHL's revised loss factor calculation based on the 5 years of adjusted history is 1.0491.

c) OHL is not aware of any reason why it would be inappropriate to use the loss factor calculation from part b) of 1.0491. OHL has updated Appendix 2-R and the models for this new loss factor.

8-STAFF-50

Bill Impact
Ref 1: Exhibit 8, pp. 19-21
Ref 2: DVA Continuity Schedule, Tab 7 Rate Rider Calculations

Preamble:
In reference 1, there is a 37.6% bill impact in the Sentinel Light rate class.

In reference 2, the variance account for Group 2 accounts is proposed to be recovered in one year, resulting in a rate rider of $7.3807/kW in the Sentinel Light rate class.

Question(s):

a) As a scenario, please provide the bill impact for all rate classes if the group 2 variance account is cleared over two years.

Response:

a) These are the current bill impacts as a result of the changes made during interrogatories if the group 2 variance account is cleared over one year.

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total A		Sub-Total B		Sub-Total C		Total Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$ 4.55	15.6%	$ 0.41	1.1%	$ 1.27	2.5%	$ 1.29	1.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$ 2.87	4.5%	$ 6.44	7.2%	$ 8.53	7.1%	$ 8.64	2.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - RPP	kW	$ 33.92	9.6%	$ 84.13	15.1%	$ 84.13	15.1%	$ 84.91	3.5%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ 10.39	38.9%	$ 16.23	54.7%	$ 16.46	50.2%	$ 16.67	28.8%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ (376.74)	-30.2%	$ 257.78	18.8%	$ 268.05	17.7%	$ 302.88	10.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$ 1.28	12.6%	$ 2.97	21.0%	$ 3.30	17.4%	$ 3.34	6.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	$ 4.55	15.6%	$ 0.11	0.3%	$ 0.97	1.9%	$ 0.99	0.7%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Reta	kWh	$ 2.87	4.5%	$ 5.43	6.0%	$ 7.53	6.3%	$ 7.62	2.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ 50.01	5.2%	$ 242.13	12.6%	$ 242.13	12.6%	$ 271.00	1.5%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ (1,721.71)	-20.4%	$ 1,572.46	17.9%	$ 1,626.24	17.0%	$ 1,836.40	10.1%

These are the bill impacts for all rate classes if the group 2 variance account is cleared over two years.

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total A		Sub-Total B		Sub-Total C		Total Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$ 4.55	15.6%	$ 0.41	1.1%	$ 1.27	2.5%	$ 1.29	1.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$ 2.87	4.5%	$ 6.44	7.2%	$ 8.53	7.1%	$ 8.64	2.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - RPP	kW	$ 33.92	9.6%	$ 84.13	15.1%	$ 84.13	15.1%	$ 84.91	3.5%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ 10.39	38.9%	$ 16.23	54.7%	$ 16.46	50.2%	$ 16.67	28.8%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	$ (376.74)	-30.2%	$ 257.78	18.8%	$ 268.05	17.7%	$ 302.88	10.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$ 1.28	12.6%	$ 2.97	21.0%	$ 3.30	17.4%	$ 3.34	6.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	$ 4.55	15.6%	$ 0.11	0.3%	$ 0.97	1.9%	$ 0.99	0.7%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Reta	kWh	$ 2.87	4.5%	$ 5.43	6.0%	$ 7.53	6.3%	$ 7.62	2.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ 50.01	5.2%	$ 242.13	12.6%	$ 242.13	12.6%	$ 271.00	1.5%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$ (1,721.71)	-20.4%	$ 1,572.46	17.9%	$ 1,626.24	17.0%	$ 1,836.40	10.1%

The bill impacts have been submitted as OHL_IRR_Att_8-Staff-50 OHL 2024_Tariff_Schedule_and_Bill_Impact_Model 20240119 Group 2 over 2 years

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

9.0-VECC-44

Ref: Exhibit 9, page 10

Table 9-5 – 1508 – OEB Cost Assessment Variance

Account 1508 OEB Cost Assessment	2016	2017	2018	2019	2020	2021	2022
Principal	(13,456)	(30,563)	(50,984)	(70,204)	(88,791)	(109,017)	(124,032)
Interest	(62)	(340)	(1,116)	(2,500)	(3,565)	(4,133)	(6,431)
Total	**(13,518)**	**(30,903)**	**(52,100)**	**(72,704)**	**(92,356)**	**(113,150)**	**(130,463)**

a) OHL is seeking to provide customers a net credit of $138,990 with respect to account 1508. Appendix 2-M shows that the OEB Annual Assessment costs in 2014 were $33,360 and the most current actual cost in 2022 was $74,600 . This suggests that at least in 2022 a positive balance (or debit to customers). Please confirm the account will be a net credit (benefit) to customers and explain the apparent suggested discrepancy.

Response:

a) When this variance account started back in 2016, the value used for the amount embedded in prior rates was incorrect at a higher amount than the OEB cost assessment mechanism (CAM) invoices, and the 1508 CAM variance was being calculated as a resulting credit, as opposed to a debit. This has now been correctly calculated. The original and corrected calculations are included as OHL_IRR_Att_9-VECC-44 Correction to 1508 CAM Variance. The file OHL 2024_DVA_Continuity_Schedule_CoS 20240119 has also been updated for this change.

9-SEC-27

Ref: [Ex.9, p. 32] With respect to Account 1592 – Sub-account CCA Changes.

a) Please provide an updated Table 9-19 that includes a forecast balance through the end of 2023.
b) Please provide supporting information for the calculation of the principal entries (and the request in part a), including all CCA schedules.
c) Please explain why no interest was calculated for the sub-account balance.

Response:

a) Please see the table below with the forecast balance for 2023 and 2024. The changes to principal and interest have not been reflected in OHL 2024_DVA_Continuity_Schedule_CoS_20240119, as there seems to be no mechanism to add a forecast balance.

1592 PILS CCA	2018	2019	2020	2021	2022	2023	2024
Calculated PILS		(43,213)	(27,724)	(23,460)	(35,000)	(15,553)	
Cumulative Principal			**(70,937)**	**(94,397)**	**(129,397)**	**(144,950)**	**(144,950)**
Interest	-	-	(594)	(404)	(1,808)	(6,528)	(2,653)
Total	-	**(43,213)**	**(71,531)**	**(95,396)**	**(132,204)**	**(154,285)**	**(156,937)**

b) Please see submitted file OHL_IRR_Att_9-SEC-27 CCA 2023.

c) According to the OEB letter dated July 25, 2019, re: Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, there was no direction to create a sub-account for carrying charges. As such, OHL did not calculate any interest that accrued on the principal balance in the 1592 account. However, OHL now understands that carrying charges are required, and has calculated forecasted carrying charges up to April 30, 2024, using OEB prescribed interest rates.

9-SEC-28

Ref: [Ex.9, p. 33]

With respect to Account 1508 Pole Attachment Revenue Variance Account, please update Table 9-20 to include a forecast of 2023 incremental revenue.

Response:

Please see below the updated table which includes a forecast of 2023 incremental revenue.

Year	OHL 2014 COS $	Price Charged ($)	Incremental Charge ($)	No. of Poles	Incremental Revenue ($)
2018	22.35	28.09	5.74	1714	(3,279)
2018	unreconciled				(1,759)
2019	22.35	43.63	21.28	1890	(40,219)
2019	22.35	28.09	5.74	188	(1,079)
2020	22.35	44.5	22.15	1890	(41,864)
2020	22.35	43.63	21.28	188	(4,001)
2021	22.35	44.5	22.15	2047	(45,341)
2022	22.35	44.5	22.15	178	(3,943)
2022	22.35	34.76	12.41	1890	(23,455)
2023	22.35	34.76	12.41	163	(2,023)
2023	22.35	36.05	13.7	1816	(24,879)
2023	22.35	44.5	22.15	31	(687)
Total including forecast as of Dec 2023					(192,529)

9-STAFF-51

Ref: Exhibit 9, Table 9-20, pp. 32-33

Preamble:
Table 9-20 in the reference shows Account 1508 Pole Attachment Revenue Calculation:

Year	OHL 2014 COS $	Price Charged ($)	Incremental Charge ($)	No. of Poles	Incremental revenue ($)
2018	22.35	28.09	5.74	1714	(3,279)
2018	unreconciled				(1,759)
2019	22.35	43.63	21.28	1890	(40,219)
2019	22.35	28.09	5.74	188	(1,079)
2020	22.35	44.5	22.15	1890	(41,864)
2020	22.35	43.63	21.28	188	(4,001)
2021	22.35	44.5	22.15	2047	(45,341)
2022	22.35	44.5	22.15	178	(3,943)
2022	22.35	34.76	12.41	1890	(23,455)
Total as of Dec 2022					(164,940)

Question(s):

a) Please explain why there are two different pole attachment prices charged in each of 2019, 2020 and 2022.
b) Please explain the unreconciled amount of incremental revenue in 2018, and how Orangeville Hydro calculated this amount.
c) Please explain why there are not two different pole attachment charges for 2021, as there are for other years.

Response:

a) There are two pole attachment companies that OHL always invoices at the beginning of the year, for the prior year. The rate effective in that prior year is used to invoice. The remainder of the invoices are invoiced at the beginning of the year using the current year pole attachment rate.

b) There were several adjustments within the pole attachment invoices in 2018. The unreconciled amount was a grouping of adjustments within the invoices in that year.

c) The rate invoiced in 2020 was the same as the rate invoiced in 2021, therefore the two pole attachment companies referenced in response a) were invoiced at the same rate as the other pole attachment companies in 2021, as the rate was in place for two years.

9-STAFF-52

Ref: Exhibit 9, p.11

Preamble:
For account 1508 – Sub-account Energy East Consultation Costs, Orangeville Hydro is requesting disposition 1 of the December 31, 2022, audited balance, plus the forecasted interest through April 30, 2024. The December 31, 2022, audited balance reconciles with filing 2.1.7 of the RRR. The balance requested for final disposal, including forecasted carrying charges is a debit of $1,738.90.

Question(s):

a) Given that the balance is not material, please explain why it is appropriate to dispose of the account.

Response:

a) Although the balance in this sub account is below materiality, when included with all other Group 2 accounts, the total is above materiality and eligible for disposition. These costs were incurred due to prior regulatory initiatives that were not contemplated when rates were set. OHL would take the same position if there were credit balances in the accounts that were due back to customers.

9-STAFF-53

Ref 1: Exhibit 9, Appendix 9-D
Ref 2: DVA Continuity Schedule, Tab 2a

Preamble:
The Ontario Energy Board's (OEB) Inspection and Enforcement department (I&E staff) conducted an inspection of Orangeville Hydro Limited's (Orangeville Hydro) Group 1 deferral and variance accounts 1588 (RSVA Power) and 1589 (RSVA Global Adjustment) for the period of January 1, 2017 to December 31, 2020.

The inspection assessed Orangeville Hydro's compliance with applicable enforceable provisions under the Electricity Act, 1998, the Ontario Energy Board Act, 1998, and related regulations.

The inspection also considered whether Orangeville Hydro had followed the OEB's Accounting Procedures Handbook (APH), and the 2019 Accounting Guidance for the period of January 1, 2017 to December 31, 2020. A summary of inspection adjustments is summarized in the table below:

APPENDIX 1
SUMMARY OF INSPECTION ADJUSTMENTS TO BALANCES AS OF DECEMBER 31, 2020

	1588 ($)	**1589 ($)**	
2019 Principal Balance (A)	214,541	407,858	
OEB Approved Final Disposition for 2016 balances in 2020 (B)	68,816	(15,041)	
Interim Disposed Principal Balance in EB-2020-0046 for 2017-2019 (C=A-B)	145,698	422,899	
2020 Transactions (D)	(241,716)	377,958	
2020 Principal Adjustments (E)	(356,929)	(67,570)	
2020 Principal Balance before Inspection (F=C+D+E)	452,947	733,287	
Inspection Adjustments			
2017 Principal Adjustments	(21,149)		Finding 2
2019 Principal Adjustments	7,735	43,188	Finding 2
2020 Principal Adjustments	848,998		Finding 3
	(69,244)		Finding 3
	(4,140)		Finding 3
	605,187	(605,187)	Finding 1
	(302,343)	302,343	Finding 1

	(344,310)		Finding 1
	41,850		Finding 1
Total adjustments from the inspection for 2017-2020 (G)	762,584	(259,656)	
Adjusted Principal balance as of 2020 after Inspection (H=F+G)	309,637	473,631	
Interest Balance as of 2020 (I)	16,735	40,768	
Account Balance as of 2020 (J=H+I)	**326,372**	**514,399**	

Question(s):

a) Based on the inspection report, the ending principal balance as of 2020 after the inspection should be $309,637. The ending balance per reference 2 in Orangeville Hydro's DVA Continuity Schedule remains unadjusted at $314,023. Please make the corresponding adjustments so that the balance matches the ending balance of the inspection report.

Response:

a) The DVA Continuity Schedule Account 1588 Principal Adjustment for 2020 and the GA Workform Principal Adjustments for Account 1588 have been adjusted by ($4,386). The DVA Continuity Schedule 1588 Account Balance as of 2020 matches the OEB Inspection Report of $326,372.

9-STAFF-54

Ref 1: Exhibit 9, Appendix 9-D
Ref 2: GA Analysis Workform

Preamble:
OEB staff created the table below and calculated the difference between the adjustments to be made per the Inspection Report in reference 1 and the principal adjustments noted in the GA Analysis workform, principal adjustments tab.

Year	Inspection Report Findings	GA WF - Principal Adj	Difference	Inspection Report Findings	GA WF - Principal Adj	Difference
	1588	**1588**		**1589**	**1589**	
2017	(21,149)	(149,896)	**128,747**	-	-	-
2019	7,735	-	**7,735**	43,188	130,953	**(87,765)**
	848,998	-	**848,998**	-	827,750	**(827,750)**
	(69,244)	-	**(69,244)**	-	(69,244)	**69,244**
	(4,140)	-	**(4,140)**	-	-	**-**
2020	605,187	605,187	**-**	(605,187)	(605,187)	**-**
	(302,343)	(304,017)	**1,674**	302,343	-	**302,343**
	(344,310)	(344,093)	**(217)**	-	-	**-**
	41,850	41,850	**-**	-	-	**-**

Question(s):

a) Please verify the inputs of the table above or update the table as applicable.
b) Please explain and reconcile the differences between the Inspection Adjustments for Accounts 1588 and 1589 with the principal adjustments tab in the GA Analysis Workform.

Response:

a) OHL has verified the inputs of the table above.

b) The principal adjustments on the DVA continuity schedule matches that of the GA Analysis workform, see attached file OHL_IRR_Att_9-Staff-54 Workthrough of inspection adjustments. The following provides a color-coded reconciliation of differences between the Inspection Adjustments for Accounts 1588 and 1589 with the principal adjustments tab in the DVA continuity schedule.

Orangeville Hydro Limited
EB-2023-0045
9-Staff-54 Reconciliation of differences between the Inspection Adjustments for Accounts 1588 and 1589 with the principal adjustments tab in the GA Analysis Workform

DVA Continuity

1588	Opening balance	Transactions	Disposition	Principal adjustments	Total on DVA (A)	Inspection report Principal balances	Difference	Interest (B)	Account Balance as of 2020 (C=A+B)
								2,164	
								367	
								(2,696)	
								(7,572)	
								12,515	
2017	203,157	32,386	(134,341)	82,905	184,107			4,778	
2018	184,107	398,993		(609,603)	(26,503)			15,035	
2019	(26,503)	166,011		61,618	201,126	214,514	13,388	(3,076)	
2020	201,126	(241,716)	(68,816)	419,041	309,635	309,637	2	**16,737**	**326,372**

DVA Continuity

1589	Opening balance	Transactions	Disposition	Principal adjustments	Total on DVA (A)	Inspection report	Difference	Interest (B)	Account Balance as of 2020 (C=A+B)
								957	
								4,901	
								1,371	
								13,043	
								11,683	
2017	55,971	695,800	(71,011)	(406,661)	274,099			31,955	
2018	274,099	(594,197)		532,040	211,942			10,719	
2019	211,942	305,961		(66,856)	451,047	407,858	(43,189)	(1,907)	
2020	451,047	377,958	15,041	(370,414)	473,632	473,631	(1)	**40,767**	**514,399**

Inspection Report	**1588**		**1589**	
2019 Principal Balance (A)	214,514	(13,388)	407,858	43,189
OEB Approved Final Disposition for 2016 balances in 2020 (B)	68,816		(15,041)	
Interim Disposed Principal Balance in EB-2020-0046 for 2017- 2019 (C=A-B)	145,698		422,899	
2020 Transactions (D)	(241,716)		377,958	
2020 Principal Adjustments (E)	(356,929)	775,970	(67,570)	(302,844)
2020 Principal Balance before Inspection (F=C+D+E)	(452,947)		733,287	
Inspection Adjustments				
2017 Principal Adjustments	(21,149)			Finding 2
2019 Principal Adjustments	7,735		43,188	Finding 2
	848,998			Finding 3
	(69,244)			Finding 3
	(4,140)			Finding 3
2020 Principal Adjustments	605,187		(605,187)	Finding 1
	(302,343)		302,343	Finding 1
	(344,310)			Finding 1
	41,850			Finding 1
Total adjustments from the inspection for 2017-2020 (G)	762,584		(259,656)	
Adjusted Principal Balance as of 2020 after Inspection (H=F+G) Interest				
Balance as of 2020 (I)	309,637		473,631	
Interest Balances	**16,735**		**40,768**	
Account Balance as of 2020 (J=H+I)	**326,372**		**514,399**	

9-STAFF-55

Ref 1: Exhibit 9, p. 21
Ref 2: GA Analysis Workform

Orangeville Hydro states that for account 1588, they are requesting disposition of the December 31, 2022, audited balance, plus the forecasted interest through April 30, 2024. The December 31, 2022, audited balance reconciles with filing 2.1.7 of the RRR.

In the paragraph just below that statement, Orangeville Hydro says that the balance requested for final disposal, including forecasted carrying charges is a debit of $307,732.37, which does not reconcile with the RRR. As shown [in the principal adjustments tab of the GA Analysis Workform], Orangeville Hydro has made the following principal adjustments in the amount of $318,635 related to the CT148 and 1142/142 true-ups from 2017- 2022. Orangeville Hydro is requesting final disposition of the balances to December 31, 2020, as these balances were included in the OEB inspection.

Question(s):

a) OEB staff notes contradictory statements regarding the final balance of 1588 and whether it reconciles with the filing of 2.1.7 of the RRR. Please explain how the $318,635 in principal adjustments reconciles to the GA Analysis workform, tab principal adjustments.
b) Please explain why there are no true ups for unbilled to actual revenue differences for 2021 in Account 1588.
c) Please explain why there are no principal adjustments nor reversals of principal adjustments for 2022 in Account 1588.
d) Please explain why the true up of $849,609 related to charge type 148 in 2018 was not reversed in 2019 for Account 1588 and Account 1589.
e) Please explain why the true up of $87,052 related to charge type 148 in 2019 was not reversed in 2020 for Account 1588 and Account 1589.
f) Please explain and reconcile what the reversal of charge type 1142/142 true-up based on actuals of ($278,718) in Account 1588 for 2019 Current Year Principal Adjustments relates to, as it does not match any of the true ups in previous years.
g) Please explain why there are no true ups of charge type1142/142 based on actuals for years 2018 through 2022 in either Account 1588 or 1589.

Response:

a) The statement that the Account 1588 2022 balance reconciles with the 2.1.7 RRR filing was incorrect. When the principal adjustments are included in the balance, it does not reconcile with the RRR filing. The $318,635 in principal adjustments is the sum of all 2017-2021 principal adjustments, as shown in the table below, which comes from the summary Account 1588 tab of the GA Analysis workform.

Account 1588 Reasonability Test

Year	Account 1588 – RSVA Power			Account 4705 – Power Purchased	Account 1588 as % of Account 4705	
	Transactions[1]	Principal Adjustments[1]	Total Activity in Calendar Year			
2017	32,386	82,905	115,291	14,138,780	0.8%	
2018	398,993	- 609,603	- 210,610	14,336,792	-1.5%	T
2019	166,011	61,618	227,630	14,165,804	1.6%	T
2020	- 241,716	423,427	181,711	18,230,291	1.0%	
2021	- 309,001	360,288	51,287	17,453,964	0.3%	
2022	- 63,912	-	- 63,912	20,735,581	-0.3%	
Cumulative	**- 17,238**	**318,635**	**301,397**	**99,061,212**	**0.3%**	

b) OHL does not require a true up for unbilled to actual revenue for 2021 as OHL leaves its books open long enough to determine the actual revenue for year end and posts it within the appropriate year.

c) There was no required principal adjustments nor reversals of principal adjustments for 2022 in Account 1588.

d) The true-up of $849,609 related to charge type 148 in 2018 was not reversed in 2019 for Account 1588 and Account 1589 as it pertained to 2018 fiscal transactions, and as such should not have any effect on 2019.

e) The true up of $87,052 related to charge type 148 in 2019 was not reversed in 2020 for Account 1588 and Account 1589 as it pertained to 2019 fiscal transactions, and as such should not have any effect on 2020.

f) The description for this principal adjustment was incorrect. It was not a reversal of a previous amount within the GA workform, but was a principal adjustment for the CT1142-142 true up based on actuals.

g) The description for the true ups of charge type 1142/142 based on actuals for years 2018 through 2022 in Account 1588 incorrectly included the word Reversal. These were not reversals of true ups, they were the actual true up amounts. There would not be any true ups of charge type 1142/142 in Account 1589, as this charge type does not affect account 1589.

9-STAFF-56

Ref 1: DVA Continuity Schedule, Tab 2a
Ref 2: GA Analysis Workform

Preamble:
OEB staff has summarized the principal adjustments noted in reference 1 and reference 2 in the tables below.

Account 1589 - Principal Adjustments			
Year	**DVA**	**GA**	**Difference**
2017	274,098	(406,661)	680,759
2018	532,040	532,040	-
2019	(66,856)	(66,856)	-
2020	(370,414)	(370,414)	-
2021	(415,516)	(415,516)	-
2022	-	-	-

Account 1588 - Principal Adjustments			
Year	**DVA**	**GA**	**Difference**
2017	184,108	82,905	101,203
2018	(609,603)	(609,603)	-
2019	61,618	61,618	-
2020	423,427	423,427	-
2021	360,288	360,288	-
2022	-	-	-

Question(s):

a) Please confirm the inputs of the table, which were gathered from the inputs on tab GA 2022 with the exception of the power purchased balance, as noted. If any of the inputs are inaccurate, please provide a revised number and explain why.
b) Please explain why the expected volume variance as a percentage of power purchased is greater than 1%.

Response:

a) The values referenced above for 1588 and 1589 2017 DVA amounts were taken from the initial DVA Continuity Schedule, posted on the OEB website on 2023-09-29. These values were updated through the Error Checking process, where the OEB was able to open 2017 to allow for the entry of historical balances, and the new DVA Continuity Schedule was posted on 2023-11-02. The 2017 1588 and 1589 balances are now correct and match the GA Workform, as shown below.

Account Descriptions	Account Number	2017				
		Opening Principal Amounts as of Jan-1-17	Transactions(1) Debit / (Credit) during 2017	OEB-Approved Disposition during 2017	Principal Adjustments during 2017(1)	Closing Principal Balance as of Dec-31-17
Group 1 Accounts						
LV Variance Account	1550					$0
Smart Metering Entity Charge Variance Account	1551					$0
RSVA - Wholesale Market Service Charge[5]	1580					$0
Variance WMS – Sub-account CBR Class A[5]	1580					$0
Variance WMS – Sub-account CBR Class B[5]	1580					$0
RSVA - Retail Transmission Network Charge	1584					$0
RSVA - Retail Transmission Connection Charge	1586					$0
RSVA - Power (excluding Global Adjustment)[4]	1588	$203,157	$32,386	$134,341	$82,905	$184,108
RSVA - Global Adjustment [4]	1589	$55,971	$695,800	$71,011	-$406,661	$274,098

b) OHL believes that the transition from cyclical to calendar month billing contributed to this variance. Overall, the net effect of 2018 and 2019 1588 balances is close to 0, and the 6-year cumulative variance is 0.3%. OHL believes that the balances are reasonable.

9-STAFF-57

Ref: Exhibit 9, Appendix-9D Report of OEB Inspection of Group 1 Deferral and Variance Accounts 1588 and 1589, p. 9

Preamble:
The OEB inspection identified that Orangeville Hydro had several internal control weaknesses in its regulatory accounting and reporting processes prior to its implementation of the 2019 Accounting Guidance retroactively to 2017. Please refer to section 1.1 of reference 1 for the observations.

Question(s):

a) Please discuss what steps have been taken to address the internal control findings identified in the OEB's Inspection Report for Orangeville Hydro.

Response:

a) OHL has modified or improved its processes as detailed below.

- Currently an annual true up of Embedded Generation volumes takes place, to determine if any adjustments to volumes is required to take place.
- Actual RPP prices and monthly consumption volumes are now being used, as OHL is on calendar month billing, as opposed to cyclical billing that was being used in 2017.
- Additional checks have been added to the Accounting Guidance document for internal use, to ensure debits and credits are being applied correctly.
- OHL uses calendar month consumption and purchased wholesale volumes to prorate the monthly GA charge between RPP and Non-RPP.

9-STAFF-58

Ref 1: OHL_2024_GA_Analysis_Workform Excel, tab GA 2022

Preamble:
OEB staff performed a reasonability of consumption inputted in the volume variance table as a percentage of power purchased. The expectation is that the results are minimal. Please see the results below:

Test: % of GA Charges	
$5,182,078.18	Account 4707 from RRR 2.1.7
$80,339	Volume Variance
1.55%	Inquire if greater than +/-1%

Question(s):

a) Please confirm the inputs of the table, which were gathered from the inputs on tab GA 2022, cell K57, with the exception of the power purchased balance, as noted. If any of the inputs are inaccurate, please provide a revised number and explain why.
b) Please explain why the expected volume variance as a percentage of power purchased is greater than 1%.

Response:

a) Confirmed as correct.
b) OHL believes that the reasonability test for 1589 balances is that Unresolved Differences as a % of Expected GA Payments to IESO should be within 1% in order for the balances to be considered reasonable for disposition. OHL's 2022 Unresolved difference was -0.8%.
OHL did prepare a table spanning the period from 2017 to 2022 in order to compare to other years.

Year	2017	2018	2019	2020	2021	2022
4707 from RRR 2.1.7	$ 11,544,992	$ 9,489,067	$ 11,075,012	$ 10,724,574	$ 7,385,928	$ 5,182,078
Volume Variance	$ 64,421	$ 57,667	$ 58,364	$ 39,347	$ 40,863	$ 80,339
% of GA Charges	0.6%	0.6%	0.5%	0.4%	0.6%	1.6%

OHL agrees that 2022 seems higher than other years. OHL then reviewed final posted GA rates for 2017 to 2022, and found that the trend of Min-Max as a % of average GA follows the trend of % of GA charges.

Final posted GA rate	2017	2018	2019	2020	2021	2022
January	$ 82.27	$ 67.36	$ 80.92	$ 102.32	$ 82.97	$ 43.53
February	$ 86.39	$ 81.67	$ 88.12	$ 113.31	$ 50.42	$ 52.46
March	$ 71.35	$ 94.81	$ 80.41	$ 119.42	$ 90.80	$ 59.41
April	$ 107.78	$ 99.59	$ 123.33	$ 150.57	$ 109.34	$ 82.93
May	$ 123.07	$ 107.93	$ 126.04	$ 147.18	$ 100.54	$ 84.75
June	$ 118.48	$ 118.96	$ 137.28	$ 128.40	$ 86.32	$ 78.68
July	$ 112.80	$ 77.37	$ 96.45	$ 99.02	$ 73.60	$ 40.08
August	$ 101.09	$ 74.90	$ 126.07	$ 103.48	$ 45.99	$ 4.99
September	$ 88.64	$ 85.84	$ 122.63	$ 121.76	$ 75.65	$ 32.41
October	$ 125.63	$ 120.59	$ 136.80	$ 128.00	$ 52.44	$ 57.71
November	$ 97.04	$ 98.55	$ 99.53	$ 117.10	$ 54.17	$ 69.89
December	$ 92.07	$ 74.04	$ 93.21	$ 105.58	$ 59.68	$ 34.27
Average GA	$ 100.55	$ 91.80	$ 109.23	$ 119.68	$ 73.49	$ 53.43
Minimum GA	$ 71.35	$ 67.36	$ 80.41	$ 99.02	$ 45.99	$ 4.99
Maximum GA	$ 125.63	$ 120.59	$ 137.28	$ 150.57	$ 109.34	$ 84.75
Max-Min Variance	$ 54.28	$ 53.23	$ 56.87	$ 51.55	$ 63.35	$ 79.76
Min-Max as a % of Avg GA	54.0%	58.0%	52.1%	43.1%	86.2%	149.3%

OHL concludes that the 2022 GA balances are reasonable.

9-STAFF-59

Ref: Exhibit 9, Appendix 9D Report of OEB Inspection of Group 1 Deferral and Variance Accounts 1588 and 1589, p. 9

Preamble:
The OEB inspection identified that Orangeville Hydro had several internal control weaknesses in its regulatory accounting and reporting processes prior to its implementation of the 2019 Accounting Guidance retroactively to 2017. Please refer to section 1.1 of reference 1 for the observations.

Question(s):
Please discuss what steps have been taken to address the internal control findings identified in the OEB's Inspection Report for Orangeville Hydro.

Response:

Please see response to 9-Staff-57.

9-STAFF-60

Ref 1: Appendix-2BA
Ref 2: OHL_Appendix 9-C 2018-2022 OHL 1592 Accelerated CCA

Preamble:
OEB staff reproduced the capital additions from reference 1 and reference 2 and calculated the differences below.

Capital Additions			
Year	**CCA (PILS model)**	**Appendix 2-BA**	**Difference**
2018	1,611,418	1,582,058	**29,360**
2019	1,230,607	1,253,207	**(22,600)**
2020	1,680,870	1,684,959	**(4,089)**
2021	1,937,773	1,908,986	**28,787**
2022	2,920,445	2,920,445	**0**

For account 1592 – Sub-account CCA Changes, Orangeville Hydro is requesting final disposition of the December 31, 2022, audited balance, plus the forecasted interest through April 30, 2024. The December 31, 2022, audited balance reconciles with filing 2.1.7 of the RRR. The balance requested for disposal, including forecasted carrying charges is a credit of ($145,301.91).

Question(s):
a) Please confirm the accuracy of the inputs in the table above or revise the table as applicable.
b) Please explain the differences between the capital additions in Appendix 2BA in reference 1 and the capital additions for calculating the PILS variance in reference 2.
c) Please explain what the amounts of the principal line of Table 9-19 represent.
d) Please explain where in reference 2 the amount is calculated or provide a reconciliation of the amounts by year.

Response:

a) OHL confirms that the 1st column corresponds to Appendix 9-C Accelerated CCA Support and that the 2nd column corresponds to Appendix 2-BA.

b) 2018 - The difference of $29,360 corresponds to Class 95 CWIP which does not qualify for accelerated CCA.

2019 and 2020 – The differences are due to OEB account 1612 (CCA class CEC) for $22,600 and $4,089 which do not qualify for accelerated CCA.

2021 – The difference corresponds to solar generation (class 43.2) of $7,110 and CWIP (class 95) of $21,677. These two classes do not qualify for accelerated CCA.

c) The amounts of the principal line of Table 9-19 represent the cumulative amounts booked to 1592 on account of accelerated CCA. The following table reconciles to the RRR 2.1.7 filing.

	2018	2019	2020	2021	2022	Total
PILs Variance - 2010 EDR-Contra	2,697.54	2,697.54	2,697.54	2,697.54	2,697.54	
PILs Variance - 2010 EDR-Contra - Interest	1,320.92	1,320.92	1,320.92	1,320.92	1,320.92	
PILs and Tax Variance - CCA Changes		(43,213.00)	(70,937.00)	(94,397.00)	(135,955.00)	
1592 Balance per RRR 2.1.7 filing	4,018.46	(39,194.54)	(66,918.54)	(90,378.54)	(131,936.54)	
Per Original Accelerated CCA Schedules	(12,438.00)	(30,775.00)	(27,724.00)	(23,460.00)	(41,558.00)	(135,955.00)
Per Corrected Accelerated CCA Schedules	(11,229.57)	(25,425.82)	(27,723.52)	(23,460.00)	(41,558.46)	(129,397.36)
Difference-adjusted in 2023 financial statement balances						6,557.64

Orangeville proposes to adjust its CCA balance to $129,397.36 and repay this balance to customers.

		2022								2023				
Account Descriptions	**Account Number**	**Transactions Debit / (Credit) during 2022**	**OEB-Approved Disposition during 2022**	**Principal Adjustments(1) during 2022**	**Closing Principal Balance as of Dec-31-22**	**Opening Interest Amounts as of Jan-1-22**	**Interest Jan-1 to Dec-31-22**	**OEB-Approved Disposition during 2022**	**Interest Adjustments (1) during 2022**	**Closing Interest Amounts as of Dec-31-22**	**Principal Disposition during 2023 - instructed by OEB**	**Interest Disposition during 2023 - instructed by OEB**	**Closing Principal Balances as of Dec 31-22 Adjusted for**	**Closing Interest Balances as of Dec 31-22 Adjusted for**	**Projected Interest from Jan 1, 2023 to December 31, 2023 on Dec 31-22 balance adjusted for disposition during 2023**
Group 2 Accounts															
Deferred IFRS Transition Costs	1508				$146,809	$19,031	$2,611			$21,643			$146,809	$21,643	$7,406
Pole Attachment Revenue Variance[8]	1508	-$27,398			-$164,940	-$2,012	-$2,369			-$4,381			-$164,940	-$4,381	-$8,321
Retail Service Charge Incremental Revenue[6]	1508				$0	$0				$0			$0	$0	$0
Customer Choice Initiative Costs[7]	1508				$0	$0				$0			$0	$0	$0
Local Initiatives Program Costs[9]	1508				$0	$0				$0			$0	$0	$0
Green Button Initiative Costs[10]	1508				$0	$0				$0			$0	$0	$0
Other Regulatory Assets, Sub-account Designated Broadband Project Impacts[12]	1508				$0	$0				$0			$0	$0	$0
Other Regulatory Assets, Sub-account OEB Cost Assessment Variance	1508	-$15,015			-$124,032	-$4,133	-$2,298			-$6,431			-$124,032	-$6,431	-$6,257
Other Regulatory Assets, Sub-account Energy East Consultation Costs	1508				$1,471	$139	$28			$167			$1,471	$167	$74
Other Regulatory Assets, Green Button Initiative Costs	1508	$326			$326	$0	$5			$5			$326	$5	$16
	1508				$0	$0				$0			$0	$0	$0
	1508				$0	$0				$0			$0	$0	$0
Retail Cost Variance Account - Retail[5]	1518	$13,809			$231,202	$10,919	$4,263			$15,182			$231,202	$15,182	$11,664
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges[11]	1522				$0	$0				$0			$0	$0	$0
Misc. Deferred Debits	1525				$0	$0				$0			$0	$0	$0
Retail Cost Variance Account - STR[4]	1548	$114			$653	$28	$11			$40			$653	$40	$33
Extra-Ordinary Event Costs	1572				$0	$0				$0			$0	$0	$0
Deferred Rate Impact Amounts	1574				$0	$0				$0			$0	$0	$0
RSVA - One-time	1582				$0	$0				$0			$0	$0	$0
Other Deferred Credits	2425				$0	$0				$0			$0	$0	$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592				$2,698	$1,321				$1,321			$2,698	$1,321	$136
PILs and Tax Variance for 2006 and Subsequent Years - Sub-account CCA Changes[13]	1592	-$41,558		$6,558	-$129,397	$0				$0			-$129,397	$0	-$6,528

d) Please see table below for details on the values by year.

Year	1592-Sub-account CCA Changes	Reference
2018	(11,229.57)	App 9-C, tab 2018-2022, cell J44
2019	(25,425.82)	App 9-C, tab 2018-2022, cell J84
2020	(27,723.52)	App 9-C, tab 2018-2022, cell J123
2021	(23,460.00)	App 9-C, tab 2018-2022, cell J163
2022	(41,558.46)	App 9-C, tab 2018-2022, cell J200
2023		
Total	(129,397.36)	

9-STAFF-61

Ref 1: Appendix 6G – 2022 tax return
Ref 2: OHL_Tax Year Income_Tax_PILS 20230929

Preamble:
OEB staff compared the additions per year for 2018 through 2022 between reference 1 and reference 2 and noted the differences below:

Schedule 1	**Tax Return - 2022**	**PILS Worksheet**	**Difference**
Additions - historical year	2,367,448	2,238,574	128,874
Additions - bridge year	2,807,227	2,049,335	757,892
Deductions - bridge year	2,981,327	2,556,988	424,339

Question(s):

a) Please explain the differences for the historical and bridge years. If required, please provide updated evidence upon any revisions.

Response:

a) The difference in additions in the historical year is due to the different starting point used in the 2022 tax return compared to the PILs worksheet.

2022 Tax return	Net income (loss) after tax		747,579
2022 Tax return	Provision for income taxes-current	101	(41,900)
2022 Tax return	Provision for income taxes-deferred	102	170,774
PILS Worksheet	Income before PILs/Taxes		876,453
2022 Tax return	Provision for income taxes-current	101	(41,900)
2022 Tax return	Provision for income taxes-deferred	102	170,774
PILS Worksheet	Income before PILs/Taxes		128,874

OHL has consulted with OEB staff on this IR and understands that it is only the first item in the table that OEB staff is asking for an explanation for.

9-STAFF-62

Ref: Exhibit 9, pp. 31-32
Ref 2: DVA Continuity Schedule, Tab 2b

The amount of the cumulative calculated PILS in reference 1 before carrying charges is ($129,398). The amount of sub-account 1592 PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes per reference 2 before carrying charges is ($135,955). The difference between the two amounts is ($6,577).

Question(s):

a) OEB staff expects that these numbers are the same. Please explain why they are not and, if required, update the evidence accordingly.

Response:

a) The DVA Continuity Schedule balance for Account 1592 Sub-Account CCA Changes for 2022 has been adjusted by $6,557.64. See response to 9-Staff-60 for additional details.

9-STAFF-63

Ref: Appendix 2-YA

Question(s):

a) Please explain why Orangeville Hydro has incurred costs of $12,000 in 2016 for the IFRS transition since distributors were required to adopt IFRS or an alternative accounting standard by January 1, 2015.

Response:

a) This was the final IFRS conversion invoice from the consultant who assisted OHL on the conversion to IFRS.