

BY E-MAIL

December 7, 2023

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

Dear Ms. Marconi:

**Re: Orangeville Hydro Inc. (Orangeville Hydro)
2024 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2023-0045**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Niagara-on-the-Lake Hydro and all intervenors have been copied on this filing.

Orangeville Hydro's responses to interrogatories are due by January 19, 2024. Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Narisa Jotiban
Senior Advisor – Electricity Distribution Rates

cc. All parties to EB-2023-0045

OEB Staff Interrogatories

2024 Electricity Distribution Rates Application Orangeville Hydro Inc. (Orangeville Hydro) EB-2023-0045 December 7, 2023

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1 – Administration

1-Staff-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.

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.

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.

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.

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.

1-Staff-6

Ref 1: Appendix-2BA

Ref 2: Appendix-2C

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.

Exhibit 2 – Rate Base and Capital

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?

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.

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?

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.

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 Tamperers”.

Question(s):

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

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?

2-Staff-13

Ref 1: 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?

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?

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?

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?

2-Staff-17

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

Ref 1: 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?

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?

2-Staff-19

Ref 1: 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.

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.

Exhibit 3 – Customer and Load Forecast

3-Staff-21

Customer Forecast

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.

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.

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)

3-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?

Exhibit 4 – Operations, Maintenance & Administration

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.

4-Staff-26

Ref 1: Exhibit 4, p. 7

Ref 2: 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.

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.
 - i) Please explain what the shared GIS resource costs are for.

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.

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.

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 re-a-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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Exhibit 5 – Cost of Capital

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.

Exhibit 7 – Cost Allocation

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?

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.

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.

Exhibit 8 – Rate Design

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.

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.

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.

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.

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.

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.

Exhibit 9 – Deferral & Variance Accounts

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.

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.

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.

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 worksheet, 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 Worksheet.

9-Staff-55

Ref 1: Exhibit 9, p. 21

Ref 2: GA Analysis Worksheet

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 Worksheet], 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 type 1142/142 based on actuals for years 2018 through 2022 in either Account 1588 or 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%.

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:

- a) Please discuss what steps have been taken to address the internal control findings identified in the OEB’s Inspection Report for Orangeville Hydro.

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):

- c) 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.
- d) Please explain why the expected volume variance as a percentage of power purchased is greater than 1%.

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):

- b) Please discuss what steps have been taken to address the internal control findings identified in the OEB's Inspection Report for Orangeville Hydro.

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.

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.

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.

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.