



PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

---

July 5, 2024

VIA E-MAIL

Ms. Nancy Marconi  
Registrar (registrar@oeb.ca)  
Ontario Energy Board  
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2024-0023 Festival Hydro Inc.  
January 1, 2025 Cost of Service Rates  
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

---

Please find attached the revised interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Garner', written in a cursive style.

Mark Garner  
Consultants for VECC/PIAC

Email copy:  
Ms. Alyson Conrad, Chief Financial Officer, Festival Hydro  
[aconrad@festivalhydro.com](mailto:aconrad@festivalhydro.com)

John A. D. Vellone, Counsel to Festival Hydro  
[jvellone@blg.com](mailto:jvellone@blg.com)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Festival Hydro Inc. (“FHI”)</b>
<b>DATE:</b>	<b>July 5, 2024</b>
<b>CASE NO:</b>	<b>EB-2024-0023</b>
<b>APPLICATION NAME</b>	<b>2025 Cost of Service Rate Application</b>

---

## **1.0 ADMINISTRATION (EXHIBIT 1)**

### **1.0-VECC-1**

**Reference: Exhibit 1, page 34**

- a) What are the individual costs of the Oraclepoll customer engagements?
- b) What was the cost of the Brickworks Communication customer engagement?

### **1.0-VECC-2**

**Reference: Exhibit 1, page 38**

In addressing its outlier performance on Metering O&M FHI states:

*“The main contributors to the measure being high that are outside industry norms are that every year FHI must spend money to send back meters for Return Material Authorizations (RMAs), approximately 600 each year in this 5-year average. This incurs cost on FHI not just to send the meter back and pay for the repair, but also the time and labour to go out and exchange the meter itself.”*

- a) In what way is FHI different from other utilities which are required to meet the same federally mandated meter performance standards?
- b) FHI states is has “*hundreds of non-communicating meters*” . On an annual basis what is the percentage of bills provided on the basis of an estimated meter read?

### **1.0-VECC-3**

**Reference: Exhibit 1, page 46**

*“FHI has invested in three solar renewable generation projects. The capital assets are recorded in OEB Account 2075, and the related revenue and expenses (including amortization) are recorded in OEB Accounts 4375 and 4380.”*

- a) Please confirm that no costs related to FHI’s investments in renewable generation are included in the calculation of the proposed distribution rates?

#### **1.0-VECC-4**

**Reference: Exhibit 1, Attachment 1-7 Conditions of Service**

FHI's posted Conditions of Service contain the following two reasons for disconnect:

*h) Overdue amounts payable to Festival Hydro for the distribution or retail of electricity or for a security deposit.*

*o) Where the Customer owes Festival Hydro money for distribution services, an expansion deposit or security deposit;*

- a) What is the difference in these two reasons for disconnect?
- b) The latter condition ("o") is not limited to amounts being "overdue". At any given time, a customer may "owe Festival Hydro money for distribution services". Are customers who are in arrears of a month subject to disconnection?
- c) What are FHI's customer bill reminder policies?

#### **1.0-VECC-5**

**Reference: Exhibit 1, Attachment 1-7 Conditions of Service**

FHI's posted Conditions of Service contains this reason for disconnect:

*d) A material decrease in the efficiency of Festival Hydro's Distribution System.*

- a) What is contemplated by this reason for disconnect. Please provide examples of the types of conditions that would need to exist for this reason for disconnect to be implemented.

#### **1.0-VECC-6**

**Reference: Exhibit 1, Attachment 1-7 Conditions of Service**

FHI's posted Conditions of Service section 2.3.2.4 states in part:

*Whenever practical and cost effective, as determined by Festival Hydro, arrangements suitable to the Customer and Festival Hydro will be made to minimize any inconvenience. Festival Hydro will endeavour to provide the Customer with reasonable advance notice of a planned interruption.*

- a) Please provide FHI's written policies on customer notification for planned outages.

## 1.0-VECC-7

**Reference: Exhibit 1, Attachment 1-7 Conditions of Service**

- a) Section 2.4.5.3 sets out the payment options for customers. While FHI offers pre-authorized bank payment it is not clear whether the option is available for a customer to list FHI as a payee in their on-line account banks (i.e. not preauthorized payments but payment as selected by customer from a list of banks payees). Please clarify if this form of payment is available to customers.
- b) What is the third party fee for Visa and Mastercard payment. If a customer chooses electronic billing is this fee waived?
- c) On an annual basis for the latest 12 months please provide the percentage of bills paid by the different methods listed (i.e. 'a' through 'e').

## 1.0-VECC-8

**Reference: Exhibit 1, Attachment 1-11 Business Plan, page 16**

Indicator	2018	2019	2020	2021	2022
Efficiency Assessment	4	3	3	3	3
Total Cost per Customer	\$658	\$650	\$629	\$614	\$674
Total Cost per Km of Line	\$53,904	\$53,219	\$51,767	\$50,551	\$52,180

- a) Please update the above table to include 2023 results.

## 1.0-VECC-9

**Reference: Exhibit 1, Attachment 1-13, 2022 Audited Financial Statements**

### Festival Hydro Inc.

#### Statement of Financial Position

December 31, 2022, with comparative information for December 31, 2021

	Notes	2022	2021
<b>Liabilities and Equity</b>			
Bank indebtedness	5	\$ 3,740,695	\$ 15,768
Accounts payable and accrued liabilities		8,658,017	9,902,642
Deferred revenue		273,286	194,274
Income tax payable		-	-
Dividend payable	15, 21	248,269	500,556
Current portion of long-term debt	14, 22	16,328,464	16,307,717
Customer deposits	11	1,016,175	1,169,542
Due to the Corporation of the City of Stratford	20	624,251	625,460
<b>Total current liabilities</b>		<b>30,889,157</b>	<b>28,715,959</b>
<b>Non-current liabilities</b>			

- a) What accounts for the large increase in Bank indebtedness as between 2021 and 2023?

### **1.0-VECC-10**

**Reference: Exhibit 1, Attachment 1-16, Scorecard**

- a) Please update FHI's Scorecard to include 2023 outcomes.

### **1.0-VECC-11**

**Reference: Exhibit 1, Attachment 1-16, Scorecard**

- a) FHI last filed its last cost of service rates in 2014 based on a 2015 test year. The typical IRM period for FHI therefore expired on the rate year of 2019. Typically, this would have resulted in FHI filing for 2020 rates in early 2019. Please explain why the utility deferred filing for new cost of service rates prior to the COVID pandemic and why it continued to defer rate rebasing subsequent to the COVID pandemic.
- b) Please file each request for deferment and the Board's response to that request.

## **2.0 RATE BASE AND CAPITAL (EXHIBIT 2)**

### **2.0-VECC -12**

**Reference: Exhibit 2, Attachment 2-2 DSP, 5.4 (Appendix 2-AB)**

- a) Please explain how the capital contribution forecast of \$327k for 2025 was derived.
- b) What are the actual capital contributions received or billed in 2024 to date?

### **2.0-VECC -13**

**Reference: Exhibit 2, Appendix A – Narratives - Metering**

- a) Are meters purchased under the Metering Program (200k in 2024 and 112k in 2025 compatible with the AMI 2.0 program. If not what steps are being taken to minimize any "crossover" meter requirements?

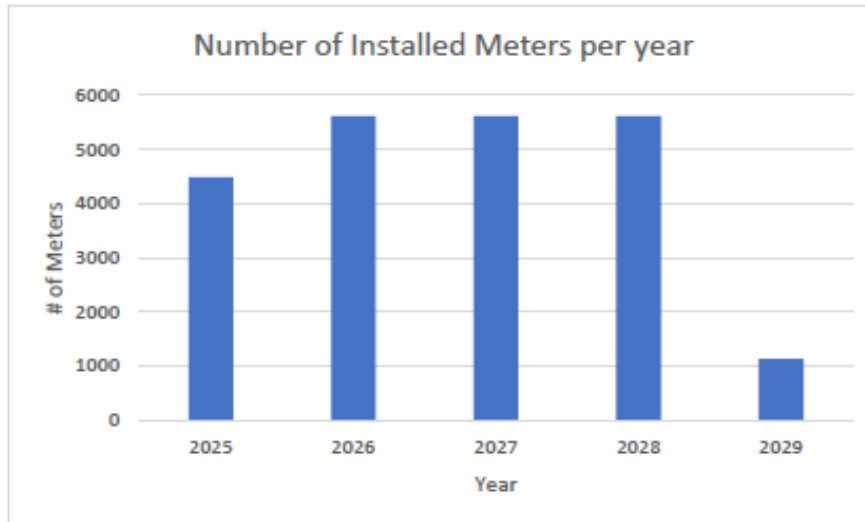
### **2.0-VECC -14**

**Reference: Exhibit 2, Appendix A – Narratives – New Services/ Subdivisions**

- a) Please explain the distinction between "new services" category of spending and that of "subdivisions"
- b) Please provide the current status of the three subdivision projects for 2025 (Thames West Phase 2, 520/525 Orr and Thames Crest Phase 2B). Specifically indicate the current and expected date for lot preparations, road layout and electricity plant installation and energizing of circuits.

**2.0-VECC -15**

**Reference: Exhibit 2, Appendix A – Narratives – AMI 2.0**



**Figure 1: Yearly Meter Deployment Plan**

- a) Did FHI undertake an AMI review/implementation study? If yes, please provide that study.
- b) When are the results of the AMI 2.0 Pilot expected to be provided?
- c) What is the cost of the AMI pilot? How many meters are expected to be installed?
- d) Please provide the GNATT chart(s) showing the timelines and milestones for this project.
- e) What would be the cost reduction in 2025 if only half of the expected AMI 2.0 meters are installed in 2025?
- f) What is the expected life of the new AMI 2.0 meters?

**2.0-VECC -16**

**Reference: Exhibit 2, Appendix A – Narratives – Underground Renewal (PDF 310)**

	2018	2019	2020	2021	2022	2023
<b>Km of cable replaced</b>	3.5	2.3	2.9	2.5	5.5	1.3

- a) Please amend the above table to show the average cost per km installed and include the years 2024 and 2025 (forecast).
- b) If FHI’s UG Renewal program were reduced to its 2024 level of spending in 2025 what projects would be deferred?

## **2.0-VECC -17**

### **Reference: Exhibit 2, Appendix A – Narratives – Buildings**

- a) Given the age, condition and location of the current FHI buildings what consideration was given to moving to a new location(s)?
- b) Please itemize the \$2.165 in 2024 and \$505k in 2025 that is being spend on building (material categories of \$100k or more).

## **2.0-VECC -18**

### **Reference: Exhibit 2, Appendix A – Narratives - Fleet**

- a) Please list the type and cost of each vehicle being replaced in 2024 and 205. Please indicate what vehicles have already been purchased and at what cost.

## **3.0 OPERATING REVENUE (EXHIBIT 3)**

### **3.0-VECC -19**

#### **Reference: Exhibit 3, page 6, Table 3-2**

- a) Please explain how the Billed Weather Normal values were derived.

#### **Reference: Exhibit 3, page 7, Table 3-3**

- a) Please confirm that the counts for Street Lighting are based on number of devices and not number of connections as suggested in the Table's title.

### **3.0-VECC -20**

#### **Reference: Exhibit 3, page 9 Load Forecast Model, Inputs Tab**

**Preamble:** The Application states:  
*"FHI notes that Purchases from the IESO were adjusted by Long-Term Load Transfers (until cessation in 2017), Embedded Generation, and Wholesale Market Participant data".*

- a) It is noted that the LTLT are positive in the years 2014-2016 but negative in 2017. Please explain what led to the change in 2017.
- b) Was the Wholesale Market Participant (WMP) data adjusted for losses or are the values used the kWh delivered to the WMP?

### 3.0-VECC -21

**Reference:** Exhibit 3, page 9

**Preamble:** The Application states:  
*“A COVID 19 “flag” has also been used as an input variable for the regression model. This variable is used to capture the lower usage for FHI’s commercial and industrial customers during March, April, and May of 2020.”*

- a) Please explain the basis for setting the COVID 19 “flag” at 1.0 for just the months of March, April and May 2020.
- b) Were any other COVID-based variable tested (e.g. variables that included more months)? If so what alternatives were tested and why were they rejected?

### 3.0-VECC -22

**Reference:** Exhibit 3, pages 5 and 10

**Preamble:** The Application states (page 5):  
*“The updated regression analysis removed Full Time Employment as an independent variable from the regression model, as the regional employment independent variable was not statistically significant.”*

- a) Were any other economic or demographic (e.g. customer count) variables tested? If so, what other variables were tested and why were they rejected?
- b) If not tested, please provide a version of the Purchased Power model that also includes monthly customer count (Residential, GS<50, GS>50, Large Use and WMP) as an independent variable. Along with the model, please provide the regression statistics, the 2025 projected purchases and the resulting customer class results for 2025.

### 3.0-VECC -23

**Reference:** Exhibit 3, page 12, Figure 3-1 and Table 3-6

- a) Can FHI explain the large variance between actual and predicted purchases in the years 2017 and 2021?

### 3.0-VECC -24

**Reference:** Exhibit 3, page 15

- a) Please provide the actual customer/connection count for each customer class as of June 30, 2024. If not available, please provide the actual customer/connection count for the most recent month available.



### **3.0-VECC -25**

**Reference: Exhibit 3, page 18, Table 3-16  
Load Forecast Model, Rate Class Load Model Tab**

- a) The customer class values set out in Table 3-16 for the “Ratios Used in the kW Forecasts” don’t match those in the Rate Class Load Model Tab. Please reconcile.

### **3.0-VECC -26**

**Reference: Exhibit 3, pages 10 & 19**

- a) Please provide a schedule that sets out:
- i. The monthly purchases for 2024 for those months where actual values are available. The values should be comparable to those used in the Load Forecast Model, i.e., include adjusted for the WMPs and Embedded Generation.
  - ii. The predicted monthly purchases for the same months, using the Purchased Power model and the actual 2024 values for the independent variables.

## **4.0 OM&A (EXHIBIT 4)**

### **4.0 -VECC -27**

**Reference: Exhibit 4, page 20**

*“2016 - \$152,977 – Contract labour increased in 2016 due to this being the first year that IT services were outsourced to FHSI.”*

- a) What was the offsetting benefit of external contracting IT that made it economical to increase contracted labour costs payable to FHI’s affiliate?
- b) Please provide the business case that supported the outsourcing of IT costs and was reviewed/approved by FHI management

### **4.0 -VECC -28**

**Reference: Exhibit 4,**

- a) Please provide a listing of the incremental cyber security costs since 2025 noting which are annual and which are one-time costs.

**4.0 -VECC -29**

**Reference: Exhibit 4, pages 53-**

Appendix 2-M

Regulatory Cost Category	USoA Account
(A)	(B)
<b>Regulatory Costs (Ongoing)</b>	
OEB Annual Assessment	5655
OEB Section 30 Costs (OEB-initiated)	5655
Expert Witness costs for regulatory matters	
Legal costs for regulatory matters	
Consultants' costs for regulatory matters	5630
Operating expenses associated with staff resources allocated to regulatory matters	5615
Operating expenses associated with other resources allocated to regulatory matters <sup>1</sup>	5655
Other regulatory agency fees or assessments	5655
Any other costs for regulatory matters (please define)	5610
Intervenor costs	5655

- a) FHI appears to have created an Appendix 2-M with only one time application costs. Above is shown a typical Appendix 2-M by category filing. Please fill out this table including the following columns:
- i. Last Rebasing (year)
  - ii. Sum of Historical Years (date-to-date)
  - iii. 2024 Bridge Year
  - iv. 2025 Test Year.
- b) It is unclear why the Application -Related one-time costs of \$500k are the sum of the 2024 Bridge Costs and the sum of historical years costs 2016-2023 costs. Please explain and describe these historical costs being ascribed to the one-time application costs.

#### 4.0 -VECC -30

Reference: Exhibit 4, page, 52, 2.4.3.3

- a) Please provide a list of all utility memberships (e.g. EDA, CHEC Group, USF etc.) and the associated annual membership fees for the years 2015 through 2025 (forecast).

#### 4.0 -VECC -31

Reference: Exhibit 4, pages

Benefits	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
<i>Statutory</i>					
CPP	123,838	133,930	154,204	161,427	166,988
EI Employer Portion	44,208	46,739	52,704	50,977	51,064
EHT	72,724	74,430	79,946	87,823	92,091
WSIB	22,982	10,515	27,052	35,579	37,309
<b>Total Statutory</b>	<b>263,752</b>	<b>265,614</b>	<b>313,906</b>	<b>335,806</b>	<b>347,457</b>
<i>Company</i>					
OMERS	353,752	365,116	404,465	511,325	545,359
Health	158,447	175,100	213,061	276,979	318,526
LTD	38,963	46,492	49,256	64,032	73,637
Dental	64,567	68,532	72,773	94,605	108,795
Life Insurance	62,747	63,556	62,224	80,891	93,024
<b>Total Company</b>	<b>678,476</b>	<b>718,796</b>	<b>801,779</b>	<b>1,027,832</b>	<b>1,139,341</b>
<b>Benefits Prior to EFB</b>	<b>942,228</b>	<b>984,409</b>	<b>1,115,684</b>	<b>1,363,638</b>	<b>1,486,800</b>
<b>Employee Future Benefits</b>	<b>(4,252)</b>	<b>(228,047)</b>	<b>127,151</b>	<b>117,642</b>	<b>122,936</b>
<b>Total Benefit Costs</b>	<b>937,976</b>	<b>756,362</b>	<b>1,242,835</b>	<b>1,481,280</b>	<b>1,609,736</b>

- a) Total benefit costs nearly doubled as between 2022 and what is forecast to be incurred in the 2025 Test Year. What amount of this increase is attributable to the increase in the associated year's FTE (41 as compared to 45)? What are the other main drivers of this cost increase?

**4.0 -VECC -32**

**Reference: Exhibit 4, pages**

**Corporate Cost Allocation - 2025**

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
FHI	City of Stratford	Street Light Maint	Cost	100%	\$163,123
FHI	City of Stratford	Water/Sewage Bill	Cost	100%	\$539,532
FHI	City of Stratford	Building Rent	Market	100%	\$38,339

**Corporate Cost Allocation - 2023**

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
FHI	City of Stratford	Street Light Maint	Cost	100%	\$149,367
FHI	City of Stratford	Water/Sewage Bill	Cost	100%	\$549,376
FHI	City of Stratford	Building Rent	Market	100%	\$36,851

a) Why have the revenues for Water/Billing services provided to the City of Stratford declined almost 2% from 2023 to 2025 whereas FHI own billing costs have increased by over 32% (from \$708,003 to \$938,614 -Appendix 2-JD) over that same period?

**4.0 -VECC -33**

**Reference: Exhibit 4, pages 20 & 29**

*“An internal compensation review for non-union staff and an external compensation review for executive staff were completed and the impacts were incorporated into the budget. FHI also projected similar increases levels to benefits as it had seen in 2022 and 2023.”*

*An Executive Compensation review was completed in 2023 for 2024. These results were built into 2025 estimates.*

a) Please provide the above noted compensation review (redacting any personal information).

#### **4.0 -VECC -34**

**Reference: Exhibit 4, pages 12-**

*Metering: In 2015 FHI had nearly zero contracted meter reads for non-communicating meters, by 2025 this cost is approximately \$30K/year. FHI also had internal metering staff that is now contracted out solely to ERTH*

*FHI previously had an in-house IT FTE to assist with the CIS and billing, but this work has been moved to FHSI. There has also been a substantial amount of third-party work required for regulatory upgrades to the CIS*

- a) How many employees (or FTEs) were reduced due to the contracting out of IT functions?

#### **4.0 -VECC -35**

**Reference: Exhibit 4, page 27**

*“Customer Service, Billing, Collecting and Software - \$514,471 – Labour has increased in this area due to a new billing position added in 2025 as well as ten years of step and inflationary increases totaling \$170K. Contract labour has increased by \$170K for the outsourcing of bill print, meter data management and settlement.”*

- a) Please provide the business case that was used to justify the contracting out of bill print, meter data management and settlement.  
b) How many FTE were reduced in making this change?

#### **4.0 -VECC -36**

**Reference: Exhibit 4, pages 33-**

- a) Please provide a table showing: (i) all job position/classifications, (ii) number of FTEs (headcount) in that position and, (iii) position salary range for the years 2015, 2023 and 2024. Please note if the calculations are done on a year end-or year average basis. For each job classification please also indicate if the position is subject to incentive pay.

#### **4.0 -VECC -37**

**Reference: Exhibit 4, Appendix 2-JD**

- a) Account 5315 – Customer Billing has increase significantly as between 2021 (\$671k) and forecast 2025 (938k). Please explain why.

#### **4.0 -VECC -38**

**Reference: Exhibit 4, Appendix 2-JD**

- a) Notwithstanding a significant increase in overhead renewal capital spending in 2025, OM&A maintenance of overhead plant has significantly increased since 2023. Please explain why if more overhead is being replaced than in the past there is still an increase in maintenance cost of the remaining that plant.
- b) Please describe how the forecast amount of \$1,133,279 for 2025 overhead services (account 5130) was derived.

#### **4.0 -VECC -39**

**Reference: Exhibit 4, Appendix 2-JD**

- a) Please provide FHI vehicle maintenance expense for each year 2015 through 2025 forecast. Are these amounts subsumed in Account 5675 – Maintenance of General Plant? If not please explain under what USOA account shown in Appendix 2-JD these costs are captured.

#### **4.0 -VECC -40**

**Reference: Exhibit 4, Appendix 2-JD**

- a) Please provide a list of the “Outside Services Employed in each year 2022, 2023 and 204 and 2025 forecast.

## 5.0 COST OF CAPITAL (EXHIBIT 5)

### 5.0-VECC-41

**Reference: Exhibit 5, page 11**

*“FHI is requesting that the notional debt attract the weighted average cost of actual Long Term Debt rather than the current deemed long-term debt rate issued by the Board. FHI is actively moving closer to the deemed 60/40 split to ensure FHI receives the benefit of lower debt rates while still retaining flexibility and debt capacity for future capital needs. For example, the actual split proposed in 2025 is 54/46 debt to equity which has increased from 2022, which was 50.5/49.5 debt to equity.”*

- a) FHI’s long-term debt capital structure has historically, and continues, to be significantly underleveraged (comparing actual debt to Board deemed structure). FHI only achieves approximately 75% of its deemed long-term debt allowance for the purpose of calculating rates. Please explain why the Utility does not more closely finance in line with its deemed capital structure.
- b) Please explain how FHI diversifies its long-term debt portfolio?
- c) FHI states it expects to now increase its actual long-term debt structure in 2025. During the past two years the cost of debt has significantly increased as evidenced by FHI own estimates of the cost of future long-term debt. Please explain why a strategy of proportionally increasing its long term debt during periods of high debt costs (as opposed to the prior periods of lower costs) constitutes prudent financial planning.
- d) Given FHI’s practice of underleveraging during periods of low cost debt why is it reasonable to price 2025 notional long-term debt at the higher amount of 4.75% based on its actual and forecast 2025 long-term debt rather than the lower amount of 4.58% based on the Board last published deemed long-term debt rate?

### 5.0-VECC-42

**Reference: Exhibit 5, pages 5-6**

- a) Please provide the basis for the forecast cost of 6.06% for the loan expected to be issued on January 1, 2025. Specifically, please show how this estimate relates to current corporate long-term bond yields or other market indicators of future long-term debt rates.
- b) What due diligence has FHI undertaken to ensure its preferred lender is offering a competitive rate?
- c) Given the current high interest environment why is it prudent to finance

through 25 year loans rather than shorter period (e.g. 5-20 years) in order to diversify its interest rate risk?

### 5.0-VECC-43

**Reference: Exhibit 5, Appendix 2-OB**

- a) Please recalculate the weighted cost of long-term debt (i.e. Appendix 2-OB) substituting the cost of both notional debt and the New Loan (i.e. line 5) at an interest rate of 4.58%. Please also provide the revenue requirement impact of making this change.

### 5.0-VECC-44

**Reference: Exhibit 1, Attachment 1-11 – FHI Business Plan, page 15**

Indicator	2018	2019	2020	2021	2022
Liquidity: Current Ratio	0.50	0.50	0.54	0.51	0.46
Leverage: Total Debt to Equity Ratio	1.19	1.11	1.04	0.99	0.97
Regulatory ROE: Deemed	9.30%	9.30%	9.30%	9.30%	9.30%
Regulatory ROE: Achieved	8.30%	9.10%	8.89%	9.93%	9.25%

- a) Please revise the above table to include the years 2015 through 2017 and 2023.

## 6.0 REVENUE REQUIREMENT (EXHIBIT 6)

### 6.0-VECC-45

**Reference: Chapter 2 Appendices, Appendix 2-H  
Exhibit 6, page 22**

- a) With respect to Account #4210, please provide the details supporting the 2023, 2024 and 2025 Joint Pole Use revenues (i.e. number of poles and annual rate).
- b) Please explain why there are no actual or forecast values for Account #4405 (Interest and Dividend Income).
- c) Please provide the basis for the 2023 and 2024 forecast values for the following Accounts:
- i. #4220
  - ii. #4225
  - iii. #4235
  - iv. #4315



## 7.0 COST ALLOCATION (EXHIBIT 7)

### 7.0-VECC-46

**Reference:** Cost Allocation Model, Tab 7.1  
Exhibit 3, page 7

- a) Please explain why the number of meters used for the Residential, GS and GS.50 classes in Tab 7.1 (Meter Capital) don't match the 2025 forecast number of customers per Exhibit 7 for these classes.
- b) Do any of the customers actually have more than one meter?
  - a. If so, how many additional FHI owned meters are installed for each customer class?

### 7.0-VECC-47

**Reference:** Exhibit 7, pages 6-7  
FHI's Conditions of Service, Sections 2.1.1.1 and 2.1.1.2

- a) It is noted that FHI's Conditions of Service only addresses the payment of connection/services costs for the Residential and GS classes. Where is the responsibility for connection/services for the Sentinel, USL, Street Lighting and Large Use classes documented?

### 7.0-VECC-48

**Reference:** Exhibit 7, pages 7 - 8

**Preamble:** The Application states (page 7):  
*"In determining the weighting factors for Billing and Collecting, an analysis of Accounts 5315 – 5340, except 5335, was conducted and costs were assigned to each class based on the specific nature of the costs."*

- a) Please provide a copy of the analysis deriving the Billing and Collecting weighting factors.
- b) If not clear from this analysis, please explain why the Billing and Collecting weighting factor for the Large Use class is less than that for the GS>50 class.

## 7.0-VECC-49

**Reference:** Exhibit 7, pages 9 - 10

- a) Are the costs associated with maintaining/updating the records regarding the kWh and kW use per device/connection for the Street Lighting, Sentinel and USL classes tracked and allocated to the respective classes?
  - i. If yes, in what account(s) are they tracked and where is the allocation done in the CA Model?
  - ii. If not, in what account(s) are they tracked and how are they subsequently allocated to customer classes?

## 8.0 RATE DESIGN (EXHIBIT 8)

### 8.0-VECC-50

**Reference:** Exhibit 8, page 8 /Load Forecast Model, Rate Class Load Model Tab / RTSR Workform, RRR Data Tab

**Preamble:** The Application states:

*"FHI has two > 50kW customers that will be charged on a gross load billing basis from Hydro One for wholesale transmission services due to load displacement generation greater or equal to 1 MW with non-renewable generation and/or equal to or greater than 2 MW for renewable generation (wind, solar, biomass, bio-15 oil, bio-gas, landfill gas, or water). As a result, FHI proposes to charge the RTSR to these customers on a gross load basis. FHI has amended the RTSR for gross load billing for these two customers."*

- a) Please confirm that the RRR data used in the RTSR Workform is based on 2023.
- b) Please explain why the 2023 kW values for the Large Use, Sentinel and Street Lighting classes used in the RTSR Workform don't match the 2023 kW values as set out in the Load Forecast Model for these classes.
- c) Exhibit 8 states that the billing kW used in the RTSR Workform has been gross-up to account for the fact for two > 50kW customers FHI will be charged on a gross load billing basis from Hydro One for wholesale transmission services. However, the GS>50 kW value used in the RTSR is 886,551 kW which is less than the sum of the 2023 GS>50 and WMP billing kW (880,547+17,350=897,897 kW) set out in the Load Forecast Model. Please reconcile.
- d) For the two GS>50 customers with embedded generation, is the generation metered separately?
  - i. If yes, does FHI own the meters?
  - ii. If yes, does FHI read the meters?
- e) With respect to the RTSR Workform, please confirm that the billing units in Tab 5 are based on the same year as the customer class usage data in Tab 3

## 8.0-VECC-51

**Reference:** Exhibit 8, pages 9 - 10

**Preamble:** The Application states:

*“The report stated that the rates are subject to an adjustment mechanism using the annual adjustment factor applied in the OEB’s incentive regulation mechanism. For the purposes of this Application, FHI is using the proposed inflation factor of 4.8% on 2024 charges as outlined in Attachment 8-3 as per FHI\_2025\_Tariff\_Schedule\_and\_Bill\_Impact\_Model\_20240426 live Excel in Tab 3 Regulatory Charges. Table 8-9 below provides the Proposed Charges for Retail Service charges in its 2025 Test Year budget.”* (page 9)

**And**

*“The increase in Retail Service Charges due to inflation has been included in projections for Other Revenue.”* (page 10)

- a) Please update the proposed 2025 Retail Service Charges to reflect the 3.6% inflation factor for 2025 as published by the OEB on June 20, 2024.
- b) Does this update impact FHI’s forecast Other Revenues for 2025? If yes, please provide an updated version of Appendix 2-H.

## 8.0-VECC-52

**Reference:** Exhibit 8, page 11

**Preamble:** The Application states:

*“Income Tax Letter – Currently FHI has a \$15 Income Tax Letter charge. Based on how this is used in current practice, FHI is requesting that this be called Bill Copy Charge with no change to the amount.  
Service Call – Customer Owned Equipment and Service Call – After Regular Hours – FHI is requesting that the two Service Call charges be changed to be listed as Time & Materials instead of \$30 and \$165 respectively. In FHI’s experience the cost of these effects can vary and each service call is tracked by a separate work order and can be easily billed on time & materials.”*

- a) How is the Income Tax Letter used in “current practice”?
- b) Will customers have to pay the Bill Copy Charge of \$15 if they request a another/duplicate copy of their monthly bill delivered by mail or e-mail?
- c) How many instances of a Service Call-Customer Owned Equipment were there in 2023, what were the causes for such calls and what was the range of actual costs incurred for such a service call?
- d) How many instances of a Service Call-After Hours were there in 2023, what were the causes for such calls and what was the range of actual costs incurred for such a service call?
- e) Are customers billed for either a Service Call – Customer Owned Equipment and Service Call – After Regular Hours if the issue is a matter of safety?

### **8.0-VECC-53**

**Reference:** Exhibit 8, pages 11 - 12

**Preamble:** The Application states:  
*“As part of EB-2023-0194, wireline pole attachments rate has been set at \$37.78 effective January 1, 2024. FHI does not have an LDC specific charge and will charge the OEB approved rate to its pole line attachments. FHI will update for 2025 rates when they become available.”*

- a) Please update the 2025 Specific Charge For Access To The Power Poles in Table 8-10 to reflect the 3.6% inflation factor for 2025 as published by the OEB on June 20, 2024.
- b) Does this updated rate for the 2025 Specific Charge For Access To The Power Poles impact FHI’s forecasted Other Revenue for 2025? If yes, please provide an updated version of Appendix 2-H.

### **8.0-VECC-54**

**Reference:** Exhibit 8, page 13

**Preamble:** The Application states:  
*“FHI is proposing to update the LV rate for the 2025 Test Year, and has projected 2025 LV costs based on 2023 volumes and applied 2024 rates in the amount of \$302,912”.*

- a) Please provide the derivation of the \$302,912.
- b) Please confirm that HONI bills its ST Rates charged to FHI on a gross demand for customers with load displacement generation at 1MW or above, or 2MW or above for renewable generation, installed after October 1998.
  - i. If confirmed, please indicate whether FHI proposes to bill LV charges to its two GS>50 customers with embedded generation on a gross load basis.

### **8.0-VECC-55**

**Reference:** Exhibit 8, page 15, Table 8-14  
**Load Forecast Model, Rate Class Energy Model Tab**

- a) Please reconcile the annual purchases for 2019-2023 as set out in the Rate Class Energy Model Tab (Column B) with the A(1) and A(2) wholesale purchases for the same years set out in Table 8-14.

## DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

### 9.0 –VECC -56

Reference: Exhibit 9, page 13, Table 9-4

- a) Please revise Table 9-4 as necessary subsequent to any changes made as a result of responding to interrogatories or other updates and show the amount sought for disposition in this application and the proposed length of the associated rate rider.

### 9.0 –VECC -57

Reference: Exhibit 9, page

*“The second variance is in 1592 PILs and Tax Variance – CCA Changes in the amount of \$300,519. Similarly to above, the account was corrected after the 2023 financial statements were completed and FHI will adjust in 2024 upon approval of the claim amount in this account.”*

- a) Please clarify the nature and magnitude of the above described error and correction.

### 9.0 –VECC -58

Reference: Exhibit 9, page 19

**Table 9-11 OPEB Variance**

Account Descriptions	2018	2019	2020	2021	2022	2023	2024	Total
Current service and interest costs	69,618	72,000	76,274	76,354	75,211	71,634	74,858	515,949
Benefits paid	(122,293)	(125,436)	(135,524)	(127,022)	(123,718)	(112,576)	(117,642)	(864,211)
Total Cash method	(52,675)	(53,436)	(59,250)	(50,668)	(48,507)	(40,942)	(42,784)	(348,262)
OPEB costs built into rates from 2015	33,793	34,147	34,677	35,336	36,396	37,524	39,100	250,972
Difference	(18,882)	(19,289)	(24,573)	(15,332)	(12,111)	(3,418)	(3,684)	(97,290)
Closing Interest Balances As Of Dec 31, 2023 Adjusted for Dispositions During 2024*								-
January 1 2024 to December 31, 2024 on Dec 31, 2024 Balance *								-
<b>Total OPEB Claim</b>								<b>97,290</b>

- a) Please explain why Table 9-11 does not include the years 2015 through 2017 (i.e. since last rebasing)
- b) Please provide the basis/calculation of the “*OPEB costs built into rates from 2015*”. Specifically, please explain the relationship between the amounts shown in this row in Table 9-11 and the Amounts shown in Accounts 5645 and 5646 as Shown in Appendix 2-JD.

**9.0 –VECC -59**

**Reference: Exhibit 9, page 14**

**Table 9-5 1508 OEB Cost Variance**

OEB Fees	Included in Rates	Amount Spent	Variance
2016	60,990	69,274	8,284
2017	61,874	93,494	31,620
2018	62,338	87,364	25,026
2019	62,993	88,940	25,947
2020	63,969	89,253	25,284
2021	65,185	86,377	21,192
2022	67,140	95,256	28,116
2023	69,222	106,579	37,357
2024 - Estimate	72,129	119,237	47,109
Closing Interest Balances as of Dec 31, 2023 Adjusted for Dispositions During 2024			16,675
Projected Interest from Jan 1, 2024 to December 31, 2024 on Dec 31, 2024 Balance Adjusted For Disposition During 2024			12,019
<b>Total Claim - OEB Fees</b>			<b>278,629</b>

*“This account was authorized by the OEB in its letter Revisions to the Ontario Energy OEB Cost Assessment Model, dated February 9, 2016. In that letter the OEB established Account 1508 – Other Regulatory Assets Sub-Account OEB Cost Assessment Variance. The purpose of this account is to record differences between the annual OEB cost assessment currently approved in rates and the actual OEB cost assessment amounts charged by the new cost assessment model, effective April 1, 2016.”*

- a) Please update the above table for two columns showing:
  - i. the actual OEB Cost Assessment (net of any Section 30 assessments),
  - ii. Typically, a utility with 2015 based rates would be expected to apply for 2020 rates in 2019. annual interest. Please provide any evidence which shows the Board’s acceptance that the FHI should continue to book amounts into Cost Assessment account after it sought to defer rebasing.
- b) Please explain how the 2024 estimate of OEB assessment costs was calculated.

**End of document**