

BY E-MAIL

August 2, 2024

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

Dear Ms. Marconi:

**Re: Tillsonburg Hydro Inc. (Tillsonburg Hydro)
Application for 2024 Electricity Distribution Rates
Ontario Energy Board File Number: EB-2023-0053**

A one-day Issues Meeting was held on July 30, 2024, where Tillsonburg Hydro, OEB staff, and intervenors discussed Tillsonburg Hydro's 2024 application and sought agreement on (i) an Issues List that sets out issues that are relevant to the application; (ii) an Interrogatory Issues List that sets out issues that require further discovery; and (iii) clarifications/updates/corrections that will be made to Tillsonburg Hydro's initial application evidence filed April 30, 2024.

During the Issues Meeting, OEB staff canvassed parties for any unique issues to be proposed beyond the standard [Issues List](#) for electricity distribution rate applications. Ultimately, parties agreed to use the standard Issues List for Tillsonburg Hydro's application. The proposed Issues List is attached (see Schedule A).

OEB staff has filed an attached Interrogatory Issues List (see Schedule B) reflecting discussion amongst the parties during the Issues Meeting and proposing issues which require further discovery. Further, parties are requesting that the OEB waive the requirement under rule 26.02(e)(ii) of the *Rules of Practice and Procedure* that the interrogatories correspond to the issues list. Parties are requesting that they may file interrogatories according to the exhibit numbers in the application. Parties believe this approach is more efficient and likely less costly.

During the Issues Meeting, Tillsonburg Hydro agreed to file a number of clarifications, updates and corrections to its application evidence which are attached (see Schedule C) by August 26, 2024. The parties have agreed that to the extent the intervenors or OEB Staff believe they need to follow up on any of the clarifications/updates/corrections provided on August 26, 2024, such follow up will be dealt with in the context of the settlement conference in the first instance.

Yours truly,

Petar Prazic
Senior Advisor, Electricity Distribution

Cc: All parties in EB-2023-0053

SCHEDULE A

TILLSONBURG HYDRO INC.

EB-2023-0053

PROPOSED ISSUES LIST

Proposed Issues List

1. Capital Spending and Rate Base

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

2. OM&A

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

3. Cost of Capital, PILs, and Revenue Requirement

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

4. Load Forecast

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

5. Cost Allocation, Rate Design, and Other Charges

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

6. Deferral and Variance Accounts

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

7. Other

7.1 Is the proposed effective date appropriate?

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

SCHEDULE B

TILLSONBURG HYDRO INC.

EB-2023-0053

PROPOSED INTERROGATORY ISSUES LIST

Proposed Interrogatory Issues List

1. Capital Spending and Rate Base

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

2. OM&A

2.1 Are the proposed OM&A expenditures appropriate?

SCHEDULE C

TILLSONBURG HYDRO INC.

EB-2023-0053

CLARIFICATIONS, UPDATES, AND CORRECTIONS

ITEM	REFERENCE	CLARIFICATIONS, UPDATES AND CORRECTIONS
Model updates		Update 2023 bridge year forecasts with 2023 actuals in Chapter 2 appendices.
Town Costs Incurred by Tillsonburg Hydro 2019-2023	Exhibit 4, Table 8, p. 15 of 20	Update to include 2024 costs.
Regulatory One-Time Costs	Exhibit 4, 1.4.2, p. 16 of 20	Identify and update for any material one-time costs since 2013.
Fleet Costs		Provide allocation of Fleet costs provided by shareholder to regulated entity between OM&A and Capital.
OM&A		Provide a UsaA Breakdown over time showing the transition of costs from O&M to A categories.
Corporate Cost Allocation	Appendix 2-N Corporate Cost Allocation	Provide updated corporate cost allocation amounts for 2024.
Regulatory Costs	Exhibit 4, 1.4.3, Table 10, p. 16 of 20	Update One-Time regulatory costs for reduced intervenor costs and provide non-intervenor one-time regulatory costs incurred to date.

2023 Income Tax Return		File updated 2023 Income Tax return.
Long-Term Debt Rate		Update the Long Term Debt Rate applicable to the TD Bank Loan.
DVA Balance		Add 2023 AIP entries to the 1592 DVA balance for disposition.
Other Revenue		Provide a narrative with respect to the drivers of volatility in annual Other Revenue values.
Pole Attachment Revenue		Confirm whether THI used the OEB approved pole attachment rate when forecasting pole attachment revenue for 2024. If current pole revenue forecast presumes continuation of DVA treatment, revise pole revenue forecast for 2024.
2023 Audited Financials		File 2023 Audited Financials
Load Forecast		Provide updated customer count/forecast through 2023 and at June 2024.
Load Forecast		Explain what the customer volumes for slowdowns represent (i.e. consumption vs. reduced consumption) and how they were removed and re-incorporated into the Power Purchased regression analysis.

<p>Demand Billing Determinants</p>		<p>Confirm whether ratios were determined using all customers or adjusted for reduced number of customers.</p> <p>Confirm which rate classes were affected. Provide data showing kWh/kW ratios with shutdown values removed from the analysis.</p>
<p>Cost Allocation</p>		<p>For street lighting, sentinel lighting, and USL check if customer numbers are accurate in Cost Allocation model worksheet Customer Data. Update as necessary.</p> <p>Confirm the allocation of customer count to Line Transformer and Secondary system in 3 large GS classes. Update as necessary.</p> <p>In connection with concern with 12NCP and 4 NCP demand allocators, THI to consider whether it is feasible to provide new load profiles at this time incorporating 2023 data.</p> <p>Confirm reason why GS <50 has factor value less than Residential in worksheet I5.2.</p> <p>Confirm calculation of PLCC value for streetlights, potentially relating to use of</p>

		connections vs. customers. Update if necessary.
Retail Transmission Service Rates and Low Voltage rates		Confirm that RTSR tab 3 and Tab 5 use the same years of data.
Deferral and Variance Accounts		<p>File pole attachment variance account detailed calculations: # poles X Difference in Revenue X OEB Rate.</p> <p>File DVA Continuity Schedule 2A needs to have principal amounts adjusted in DVA and GA workform to align. Ending 2022 balance did not include adjustments and closing 2023 balance includes adjustments.</p> <p>File Group 1 accounts 2016 end balance doesn't tie to 2017 opening. This was noted in the two DVA continuity submitted files (i.e. 2013-2016 and 2017 to 2023).</p> <p>Confirm THI's intent with respect to the use of the following three accounts:</p> <ul style="list-style-type: none"> a. OEB Ultra-Low Option Variance Account b. OEB Green Button Variance Account c. OEB Cost Assessment Variance Account

		Update continuity schedule 2B to remove \$8k balance given LRAM was fully disposed in 2018 IRM.
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