**Hydro Hawkesbury Inc.**

**EB-2024-0031**

**Response to Error Checking questions.**

1. **Exhibit 1, p.12**

The increase to the revenue requirement and OM&A in the text of reference 1 does not match the increases listed in table 2 of reference 1.

HHI Response: The increase was updated to reflect the OM&A increase instead of the increase in revenue requirement.

1. **Exhibit 1, p.12**

The table states an increase in other revenue while the text states a decrease in other revenue. If it is an increase, how would it be a primary reason for the increase in revenue requirement given that other revenue is an offset?

HHI Response: The other revenues are increasing from 214K to 243K. They are a reduction in the revenue requirement and thus are shown as a “negative” The wording in Table 2 has been updated and revised to be clearer.

1. **Bill Impact Model, Additional Rates tab**

**REF: Bill Impact Model, Bill Impacts tab**

All rate riders are listed under subsection B including group 2 rate riders. Please ensure rate riders are listed under the correct category in both references. An easy fix in the Additional Rates tab is to remove any rate riders that should be under sub-total A to the green cells and input the sub-total manually. Please ensure to hit Update in the Bill Impact tab before filing.

HHI Response: The subcategory for Group 2 have been changed from A to B.

(HHI notes that the drop-down options under the blue cells should include all of the disposition categories that are in the rate rider tab of the OEB DVA model.)

1. **Ch2 App 2-BB Service Life**

**REF: Exhibit 2, Table 13 – Depreciation Rates**

**Chapter 2 App-2-BB -** the Outside Range check is missing. Please use the latest Chapter 2 Appendices template.

The useful lives don’t match for 1915, 1860 meters, 1855, 1855, 1820

Also, 2-BB shows some assets changing service lives, and there is no supporting evidence in chapter 2. Please add explanations for the differences or state that Hydro Hawkesbury will wait until formal interrogatories.

HHI Response: HHI requests to address this during the interrogatories phase to allow its external accountant to review the rates.

1. **DVA Continuity Schedule, Appendix A**

An explanation is missing for the RRR variance for account 1592.

HHI Response: The evidence has been revised accordingly.

1. **Chapter 2 Appendices 2-ZB**

OER rate of 17% was used instead of the approved OER rate of 19.3%. Please adjust the OER rate in reference 1 and apply the changed OER to the other corresponding models.

HHI Response: The impact of the suggested change is $897 on the Revenue Requirement. Since this change affects all aspects of the application including rates, HHI commits to updating it as part of the Interrogatories.

1. **Exhibit 1, p.17**

The text states “a collection of $114,577 related to Group 2 accounts.” Please amend the text given that this is a credit amount.

HHI Response: The evidence has been revised accordingly.

1. **Exhibit 1, p.17**

The text states “HHI proposes to dispose of a refund of ($578,707) related to Group 1 including account 1589.” Please amend text given that the amount is the total of account 1580 and 1588 according to Table 8.

HHI Response: The evidence has been revised accordingly.

1. **Exhibit 1, p.17, Table 8**

Balances sought for disposal for account 1589,1592, and total of Group 1 accounts are inconsistent with those in Exhibit 9.2.1 Table 1 and DVA Continuity Schedule. Please review and update.

HHI Response: The evidence has been revised accordingly.

1. **Exhibit 1, p. 43, Table 13**

2022 and 2023 should be actuals, however the headers are “Projected.” Please amend.

HHI Response: The evidence has been revised accordingly.

1. **App.2-JA**

**REF: App.2-JB**

App.2-JB 2018 Actuals (B42) should equal $1,150,244. Please amend.

HHI Response: The 2018 settlement agreement indicates an approved OM&A of $1,175,114.

1. **App.2-JC**

Please remove formulas in cells D124 and E124 as these are causing circular reference dialogue pop-ups.

HHI Response: The OEB’s model was modified accordingly.

1. **App. 2-AA**

**REF: App. 2-AB**

Please reconcile the CAPEX numbers for the forecasted period. It appears 2-AB has General Plant figures in the Capital Contribution row and System Access figures are listed as net amounts for 2026-2029.

HHI Response: The OEB’s model was modified accordingly.

1. **App.2-BA**

Please send the Ch2 Apps model to ratemodels@oeb.ca to unhide hidden rows in the 2025 continuity schedule.

HHI Response: HHI did not find any hidden rows in Appendix 2-BA

1. **15 App.2-JA**

Please amend cells U18 and V18 to pull from row 25 like the rest of the years.

HHI Response: HHI believes that addressing the shortcomings in the models should primarily rest with the OEB, as opposed to relying on regulated utilities to make these adjustments. It would be beneficial for the OEB to update and refine its models to ensure consistency and accuracy, rather than asking utilities to modify their practices to account for these issues.

1. **App.2-H JC/MP**

**REF: Exhibit 6, Table 9**

Please amend cell E65 to pull value from E25

Please fill out row 67 and 68

Please reconcile all figures with Exhibit 6, Table 9 from 2018-2020. The pre-populated data from the Account 2.1.7 tab is one year different from the values represented in Exhibit 6, Table 9.

Please confirm the Interest on DVA amounts shown in 2-H are already accounted for in the proposed DVA clearances, and if so, remove them from 2-H amounts and other corresponding models. If Hydro Hawkesbury prefers to do this through the discovery process due to time constraints, please state so.

HHI Response: The OEB’s model was modified accordingly.

1. **RRWF tab 13 MR**

**REF: Tariff and Bill Impact Model, tab 5 and 6**

The volumetric service charge for the General Service 50-4,999 kW class does not reconcile between the two models. Please reconcile the two references.

HHI Response: The discrepancy was caused by an unrelated transformer allowance in Tab 13 of the model. HHI has since removed the allowance, which has successfully resolved the issue.

1. **Tariff and Bill Impact Model, tab 3**

Cell E39 (inflation factor) should read 3.6% similar to all other inflation factors on the tab. Please amend.

HHI Response: The OEB’s model was modified accordingly.

HHI notes that the referenced cell is locked. Utilities have requested for over five years that the models be unlocked. If the OEB chooses to keep the models locked, it is the OEB's responsibility to ensure they are updated.

1. **Chapter 2 Appendix 2-R MR**

**REF:** Tariff and Bill Impact Model, tab 5

Please reconcile the loss factors between Appendix 2-R and the Final Tariff.

HHI Response: The tariff sheet should have indicated 1.0592

1. **Exhibit 1, p. 43, Table 13**

**REF: PILs Model, B1 Sch1**

Utility Income before Income Taxes / PILs for 2024 are not consistent in the two references. Please review.

HHI Response:

The income before PILs in the OEB model is determined by HHI’s accounting firm, MNP, using a tax-based calculation methodology. Table 13, while not mandatory, is derived from regulatory calculations. In both instances, the resulting provision for PILs in the bridge year is zero. HHI is not prepared to alter its tables and calculations to incorporate MNP's accounting-based approach at this time.

1. **Exhibit 1, p. 43, Table 13**

**REF: PILs Model, H0 PILs Hist**

Income Taxes / PILs for 2023 are not consistent in the two references. Please review.

HHI Response: Please see response to #20 above.

1. **Exhibit 1, p.39, Table 11**

The most recent APB result is for 2022; however, the table shows 2021. 2017-2021 avg for Capex of stations, poles, lines transformers and meters are not aligned with APB report. Please update and review the analysis and explanations. Please reconcile values in the table against the APB Report Calculations for 2022.

HHI Response: HHI has updated the table to reflect the 2022 results. The analysis and explanations are applicable to 2022 therefore the evidence was not changed.

1. **Exhibit 5, Appendix 5A**

Exhibit 5.2.3, p.7-8 In the updated Exhibit 5\_20240819, Promissory notes in Appendix 5A do not match the long-term debt value of $1,480,000 and $2,300,000 mentioned in Reference 2. Instead, Hydro Hawkesbury provided promissory notes of $1,457,337.52 and $350,000. Please amend or explain the variance.

HHI Response: The evidence at Exhibit 5 section 5.2.3 has been amended to be clearer.

1. **Exhibit 6, p.5, Table 3**

Please shift the values under Capitalization Ratio ($), Cost Rate (%), and Return ($) into the correct rows.

HHI Response: HHI has deleted the repeated row. The total is now in the correct row.

1. **DSP, table 32 Ch 2 – 2-AB**

System access in table 32 is shown as net, in tables 27-34 it is shown as gross. Please amend.

HHI Response:

1. **DSP table 26 Ch 2 – 2-AA/AB**

REF: DSP Table 25

The following values differ between the references. Please amend the evidence as needed:

* 2018 system service values differ, so then do the net and gross totals, and variances
* 2019 system service values differ, so then do the net and gross totals, and variances
* 2020 system service values differ, so then do the net and gross totals, and variances
* 2021 system service & general plant values differ, so then do the net and gross totals, and variances
* 2022 system service values differ, so then do the net and gross totals, and variances
* 2023 nothing matches
* 2024 system service values differ, so then do the net and gross totals, and variances

HHI Response: Table 26 has been corrected to show category subtotal and totals that are consistent with Ch 2-AA/AB.

1. **DSP table 23, 24**

Please amend the reference as the section, table names and data are general plant while the Table 24 row name and the Table 23 legend are labelled system access.

HHI Response: amended

1. **DSP table 21, 22**

Please amend the reference as the section, table names and data are system renewal while the Table 22 row name and the Table 21 legend are labelled system access.

HHI Response: amended

1. **DSP table 19, 20**

Please amend the tables as the system access values are referred to as gross and net for the same values.

HHI Response: amended

1. **DSP table 12**

The number of transformers does not sum to the stated values of 371 and 145 in the text above Table 12. Is it because there are older ones not listed, or a typo? Please amend as required.

HHI Response: Table 12 has been amended.

1. **Exhibit 4, Table 2**

The percentage changes in the 2018BA-2025 column in Table 2 of reference 1 do not seem to be correct. Please amend.

HHI Response: amended

1. **GA Analysis Workform, Information Sheet**

DVA Continuity Schedule, 1. Information Sheet Under Note 1, the year selected is not consistent with that indicated in Question 1 from DVA Continuity Schedule, 1. Information Sheet. Please amend or clarify your decision.

HHI Response: It appears that the GA workform should have reflected a selection year of 2019 instead of 2018. The model filed along with these response has been corrected accordingly.

1. **GA Analysis Workform, GA 2019, GA 2021, GA 2022, GA 2023**

Please provide explanations in Note 4 b), as the differences in loss factors are greater than 1% (cell K63). If the variances are caused by incorrect numbers populated in Note 2, please provide the correct consumption data and submit a Data Revision Request to revise your RRR submission.

HHI Response: Work in progress (MNP/HHI)

1. **Exhibit 6, 6.7.2, p.25, Exhibit 1, Table 4, Exhibit 2, Table 1**

**REF:** HHI 2018 Rev\_Reqt\_Work\_Form SettlementP 20180301, Tab 4, Cell W17, W18

There is a slight variance ($3k) between the 2018 Total Rate Base number and Working Capital Allowance number in this application and the 2018 Settlement Proposal. To avoid updating the three exhibits, please note why there is a variance.

HHI Response: The reason for the discrepancy is that in its internal model, HHI included property taxes in the “controllable expenses” used to calculate the working capital allowance.

1. **Filing Requirement Chapter2 App.2-BA**

WIP should not be included as Total PP&E for Rate Base Purposes. Please use the latest Chapter 2 Appendices template. If Hydro Hawkesbury would prefer to address this at the interrogatory stage due to time constraints, please state so.

HHI Response: HHI confirms that WIP should not and is not counted as part of the Total PP&E for the Test Year because those assets are not yet in service. This exclusion is confirmed in row 571 of App. 2-BA, which shows that the WIP has not been included in the Test Year's calculations.

If this explanation is not fully understood, the parties can seek clarification during the interrogatories process.

1. **Filing Requirement Chapter2 App.2-BA**

**REF:** Filing Requirement Chapter2 App.2-AB

“Net Capital Expenditures” in App.2-AB are not aligned with line “Total PP&E”, “Additions” column in App.2-BA for Historical Period (2018-2023). Please review and amend as needed.

HHI Response: HHI confirms that they do align. (PP&E + Disposals)

1. **CoS PILs, T4 Sch4 Loss Cfwd Test**

Cell G14 Number of Years Loss Until Next CoS is not filled. Please amend as needed.

HHI Response: The proposed change leads to an $11,000 increase in the revenue requirement. HHI intends to address this matter during the interrogatories phase to give its accountants the opportunity to thoroughly assess the impact of this change in conjunction with the balances in Account 1592.

1. **DVA Continuity Schedule, 6.1a Allocation**

Non-RPP Consumption Less WMP Consumption in Line 19 is not entered. Please amend as needed.

HHI Response: The referenced section of the model has been amended.

1. **DVA Continuity Schedule, 2a. Continuity Schedule**

Please amend or clarify the last approved ending balances for account 1588 and 1589. For example, if your DVA balances as at Dec 31, 2019 were last approved for disposition, you should start by inputting the approved closing 2019 balances in the Adjustments column under 2019.

HHI Response: In alignment with previous applications, and due to the model's inability to accommodate input for the first year, HHI utilizes the prior year. This method ensures that balances reconcile with the financial statements and allows for the verification of the 2019 disposition against the corresponding Decision and Order.

1. **DVA Continuity Schedule, 1. Information Sheet**

For Question 2, please amend or clarify the years selected.

HHI Response: The input field in the Information Sheet, which does not distinguish between the audited fiscal year and the rate year, has been populated to maintain consistency with previous applications.

1. **Chapter 2\_App.2-L**

Please amend cell D17 of Chapter 2\_App.2L as it should include lines 19,20, and 21 of 2-JA as per note 6.

HHI Response: amended

1. **Exhibit 9 – DVA, Page 6**

Under Group 1 Account, it states “1589-RSVA-Gloabal Adjustment ($388,337)”. This amount is not consistent with that in DVA Continuity Schedule. Please review and amend.

HHI Response: Exhibit 9 has been updated accordingly.

1. **Exhibit 9 – DVA, Page 8**

For account 1518, the text states “The balance requested for disposal, including carrying charges, is a debit of $16,084.15”. Please amend the text given it’s a credit amount.

HHI Response: Exhibit 9 has been updated accordingly.

1. **Exhibit 9 – DVA, Page 16, 9.3 Global Adjustment**

The first paragraph states “The balance requested for disposal, including carrying charges, is a debit of $359,598”, which is inconsistent with the amount in DVA Continuity Schedule. Please review and amend.

HHI Response: Exhibit 9 has been updated accordingly.