

**Ontario Energy Board (OEB) Staff's Pre-Settlement Clarification Questions
2025 Electricity Distribution Rates Application
Centre Wellington Hydro Ltd. (Centre Wellington Hydro)
EB-2024-0012
August 13, 2024**

Question 1

Ref 1: 5-Staff-44

Ref 2: EB-2024-0063, OEB Letter, July 26, 2024

Preamble:

On July 26, 2024, the OEB issued [a Letter and Accounting Order](#) regarding prescribed interest rates and the deemed short-term debt rate (DSTDR).

Question(s):

- a) Please confirm that Centre Wellington Hydro will use the 2025 DSTDR to be set in October 2024 on an interim basis.

[CWH Response: Yes, CWH will use the 2025 DSTDR set in October on an interim basis.](#)

- b) Please confirm that Centre Wellington Hydro will follow all other direction included in the OEB's Letter and Accounting Order issued on July 26, 2024, including the establishment of a new variance account for the DSTDR.

[CWH Response: Yes, CWH will use the new variance account for the DSTDR starting January 1, 2025.](#)

Question 2

Ref 1: 10_CWH_Updated_2025 Chapter 2_20240605

Ref 2: CWH_2025_Chapter 2 IRR_20240801

Preamble:

Centre Wellington Hydro provided an updated Chapter 2 Appendices model along with its interrogatory responses (reference 2). The bridge year forecast increased from its initial application (reference 1) from \$3.0M to \$3.6M. Much of the increase in the forecast is due to an increased budget for the EMS-2 Transformer project from \$994k to \$1.4M.

Question(s):

- a) Please explain the increase to the budget for the EMS-2 Transformer project.

CWH Response: The increase in the EMS-2 transformer project is mainly due to a higher contractor construction cost in 2024 than what was budgeted for using 2023 expectations. These costs come through a competitive bid process and were the lowest of the tendered bids.

- b) Does Centre Wellington Hydro expect similar budget changes to the Fergus MS-5 ACM project? If not, why not?

CWH Response: At the time of preparing the budget figure in CWH's DSP for the new Fergus MS-5 station build the most up to date figures were used and a 15% contingency was added. Given the constant increases in contracts/labour and material CWH expects the updated budget figure for the planned Fergus MS-5 to change when the ACM is submitted. CWH has mitigated this risk by purchasing the station transformer, which is expected to be delivered within the next few weeks. This alone will save significant dollars; the following is a response from CWH's station consultant on the current cost of a transformer that CWH purchased for just over \$600k – *"I reviewed my notes from my discussion with the transformer manufacturer, and he gave me some budget pricing for similarly sized units recently quoted to a northern LDC. Based on that, I would estimate that the cost of a 44-4.16 kV 6000/8000 MVA unit would now be in the range of \$900k. Other vendors are probably 25% more, with longer deliveries."* CWH will be placing orders for other major station equipment over the next 6 months in an effort to ensure delivery on time so as not to adversely affect the schedule, and to further mitigate actual cost escalations.

Question 3

Ref 1: 10_CWH_Updated_2025 Chapter 2_20240605

Ref 2: CWH_2025_Chapter 2 IRR_20240801

Preamble:

Centre Wellington Hydro provided an updated Chapter 2 Appendices model along with its interrogatory responses (reference 2).

According to reference 2, Centre Wellington Hydro has only spent \$25k of its \$340k budget for the Pole Line Rebuild program in 2024.

Centre Wellington Hydro also increased the Test Year 2025 budget from its original application (reference 1) from \$1.3M to \$1.4M. Much of the increase is due to the Pole Line Rebuild program from \$121k to \$239k.

Question(s):

- a) What is the need for each individual Pole Line Rebuild in 2024? Given that Centre Wellington Hydro has only spent 7% of its budget for the program in 2024, what are the drawbacks of deferring each individual Pole Line Rebuild in 2024?

CWH Response: CWH completes many of its capital projects in Q3 and Q4 in each year. In the first half of 2024 CWH completed jobs in 2023 that were deemed work in progress. CWH notes that the majority of Pole Line rebuild projects are typically scheduled for the second half of normal years as is the case in 2024. The first half of 2024 was reserved for the Elora MS-2 transformer replacement construction which is on track to be completed by October. CWH’s 2024 pole line rebuild projects scheduled for a Q3 start are as follows:

Project Name	Project Need
F7 Feeder	This project is a priority to extend the F7 feeder from the Fergus MS-1 station to support and alleviate the Fergus MS-4, F9 feeder of load as it is consistently fully loaded and is persistently close to being overloaded. CWH had considered this project in previous years and delayed as the Township was also planning a road reconstruction project and CWH wanted to ensure its pole and underground apparatus placement would not interfere with other plant. The drawback of deferring this project would be the risk of overloading the F9 feeder causing reliability concerns,

	and to a lesser extent reducing the overall load on the Fergus MS-4 station during peak load periods, and not taking advantage of completing the project in 2024 while the road is completely closed which will allow for a safer and more efficient construction site.
Forfar East, east of Victoria Terrace	This project that will see the F10 circuit added to a short section of the F9 circuit pole line along Forfar St is a priority as it will position the F10 feeder so as to take load off the currently fully loaded F9 circuit. The engineering design is complete and deferring this project will result in a gap in 2024's planned capital implementation.

- b) Please explain the increase to the budget for the Pole Line Rebuild program in 2025.
 - a. Is the increased budget for the original Forfar St & St David St project in 2025 or for additional rebuilds?

CWH Response: The increased pole line rebuild budget in 2025 is for an additional rebuild on Hill St in Fergus.

- b. If there are additional rebuilds included in the budget, please provide the need and the condition of the poles that form these projects.

CWH Response: The poles being replaced in this project need to be changed as they are as old as 59 years old (1965). While polux pole testing indicates the majority of these poles are in good to fair condition, visual inspections, which include inspections of parts of the pole not captured in pole testing results, revealed concerns with the age, cracks, and pole top deterioration. In addition, CWH notes that the project is addressing the overall condition of the line; Hill St E is an older established street, and the pole line has had additional communications attached to it over the years, along with added electric services, upgraded/heavier primary and secondary conductor and coexists with numerous mature trees. All of these factors contribute to the pole line having been determined to be in substandard condition, necessitating a scheduled rebuild.











Question 4

Ref 1: 2-Staff-26i

Ref 2: Distribution System Plan, Material Investment Narrative: Fergus MS-5, p.252 of PDF

Preamble:

In reference 1, Centre Wellington Hydro provided a table outlining the capacity of each existing Fergus station against the 2022 load of 16,081 kVA. Centre Wellington Hydro notes that the max capacity for the four Fergus stations is 28,001 kVA with cooling fans and 20,001 kVA if the largest station is offline.

In reference 2, Centre Wellington Hydro provided a near- and medium-term forecast for the Fergus system.

Question(s):

- a) Based on the total capacity of the existing Fergus system from reference 1 and the near- and medium-term forecast in reference 2, please provide the forecasted year in which only the largest station can be offline before the peak load exceeds the capacity of the system.

CWH Response: Using the referenced forecast table, the year that peak load would exceed the capacity of the system (19,950kVA) is between 2028 and 2029.

Feeder/ s	Historical Data (MW) Net Load ^{1,2,3,4,5}			Near Term Forecast (MW) Gross Peak Load ^{1,2,3,4,5}					Medium Term Forecast (MW) Gross Peak Load ^{1,2,3,4,5}				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
M3	20.5 1	20.3 3	20.8 3	19.3 5	20.7 9	21.6 3	22.3 7	23.6 5	24.8 6	25.7 3	26.4 8	27.2 3	27.9 3
4kV	16.4 1	16.2 4	16.6 6	15.4 8	16.6 3	17.3 0	17.8 9	18.9 2	19.8 8	20.5 8	21.1 8	21.7 8	22.3 5

As explained in in 2-Staff-26 ii), that forecast is considered by including all existing Fergus station transformers kVA rating with the after-market fans. Only the Fergus MS-2 transformer records the higher transformer kVA rating on its nameplate as designed and installed at time of manufacture, and can be counted on for continuous use as per the 6/8MVA manufacturer nameplate rating. Accordingly, while the 3 stations that would be used in OEB Staff's example question have fans, they were not installed at time of manufacturing and the nameplates do not indicate the ONAF provisional rating, which CWH is assuming to be the generic 33% increased capacity that typically goes with the additional fan ratings (ONAF). CWH does not consider the higher rating to be a safe, reliable continuous use rating.

Question 5

Ref 1: 2-Staff-14 (d)

Ref 2: 3-Staff-32

Ref 3: 2-Staff-14 (b)

Ref 4: Filing Requirements For Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2, pp. 25-26

Preamble:

In response to interrogatories, Centre Wellington Hydro explained the inconsistency in the 2025 forecast load growth of 5% (Exhibit 2) and 0.2% (Exhibit 3) in reference 1. In reference 1 and reference 2, Centre Wellington Hydro stated that the load forecast at Exhibit 3 is restricted to the OEB methodology which may not reflect actual predictions for power supply requirements.

In reference 3, Centre Wellington Hydro stated that it derived the forecasted 5% year-over-year load increase by consulting with the region and municipality to determine expected new connections through development/owner requests, and existing customer interactions, and in some cases load reductions due to closures.

In reference 4, the Filing Requirements state that:

Two types of load forecasting models have generally been filed with the OEB in previous cost of service applications: Multivariate Regression and Normalized Average Use per Customer (NAC) models. While the distributor is not restricted to using these approaches, the following information is required for these two modelling methodologies, when used...

2.3.1.1 Multivariate Regression Model

The following must be provided:

.....Explanation of any specific adjustments made (e.g., to adjust for loss or gain of major customers or load, significant re-classifications of customers, adoption of electric vehicles, etc.). Note locally purchased generation should be included in the total for purchased power.

OEB staff notes that manual adjustments to the load forecast can be made if distributors provide an explanation for the adjustments.

Question(s):

- a) Please explain why Centre Wellington Hydro did not consider any specific adjustments for the forecast load to reflect actual predictions for power supply requirements.
- b) Based on Centre Wellington Hydro's statement in reference 3, please provide updated expected future customer connections and volumetric forecasts for 2024 and 2025.
- c) Please provide a load forecast scenario which incorporates updated expected customer connections and volumetric forecasts for 2024 and 2025 in (b).

CWH Response a) b) c): CWH does not believe it is accurate to characterize the projections used in the regional planning process as "actual predictions for power supply requirements" that are necessarily suitable for inclusion in the model used to forecast the Test Year load. To consider adjusting the bridge and test year load forecasts, CWH would need specific information about developments or customers that are committed to connecting, along with a reasonable underlying forecast for actual occupancy and power usage to inform the load forecast model. Based on the information currently available, there are no known new loads or customer connections in 2024 and 2025 that would justify adjusting the load forecast.

Question 6

Ref 1: 3.0-VECC-19

Ref 2: Load Forecasting Model IRR, Tab Bridge&Test Year Class Forecast,

Ref 3: Load Forecasting Model IRR, Tab Final LF

Preamble:

In reference 1, in response to interrogatories, Centre Wellington Hydro stated that:

One of CWH's existing customers relocated its major operation to the US in September 2014, resulting in a significant decrease in usage since then. In contrast, a new customer began operations with substantial usage starting in March 2020. Given these significant changes in usage during the period from 2014 to 2023, both customers have been excluded from the unadjusted Wholesale Purchases for regression analysis purposes.

One of CWH's customers is an active participant in the Independent Electricity System Operator (IESO) market.

The customer referenced in the previous response falls into the current General Service 50-2,999 kW category. For the purpose of CWH's load forecasting, only the kW measurements of this customer's usage are considered; kWh data is not included in the load forecast calculations.

In reference 2, OEB staff notes the following for residential and GS rate classes:

- The rate class's actual kWh data are unadjusted data from 2014 to 2023 mentioned in reference 1 above.

CWH Response: There may be some confusion about the term "adjusted" being used in different contexts, particularly related to the wholesale purchase and how losses are accounted for. To clarify:

Wholesale Purchase Not Adjusted for Losses: This refers to the base amount of energy purchased at the wholesale level, without factoring in any adjustments for distribution losses.

"Adjusted" in the Input-Adjustment Tab: The term "adjusted" is used to indicate the modifications to the wholesale purchases due to the operational changes to specific customers or other factors.

- The total actual wholesale market kWh data are adjusted to exclude the two customers from 2014 to 2023.

CWH Response: CWH would like to clarify that it did not adjust the wholesale consumption figures to exclude the load of the two General Service Classes customers in question. Throughout the IR responses, CWH refers to four different GS customers:

- Customer #1 increased their load to 3,000-4,999 kW (this change was not reflected in the adjustment tab of the load forecast model).
- Customer #2 decreased their load to 50-2,999 kW (this change was also not reflected in the adjustment tab of the load forecast model).
- Customer #3 moved their operations to the U.S. (this adjustment is reflected in column C of the load forecast model's adjustment tab).
- Customer #4 came online in 2020 (this adjustment is reflected in column D of the load forecast model's adjustment tab).

Instead of excluding the loads from the two General Service Classes, Customers #1 and #2, loads were combined and incorporated into the newly created class. This approach ensures that the combined load is accurately represented in the new class, without the need to separately account for the individual loads of the previous General Service Classes.

- The rate class's Actual kWh/Total Actual Wholesale ratios are calculated based on two different types of data above (unadjusted and adjusted).

In addition, for GS>50 rate classes, OEB staff notes the following:

- Cells J61 to J69 show unadjusted actual kWh for GS >50 (which includes the wholesale market participant customer) from 2020 to 2022. Cell J70 is linked to the weather normal data for 2023 in cell F70 instead of showing an unadjusted actual kWh number in 2023. [CWH agrees](#)
- Cells K61 to K70 show unadjusted kW data from 2014 to 2023. [CWH agrees](#)
- Cells L61 to L70 show the KW/kWh ratios that are calculated based on the unadjusted data above. [CWH agrees](#)

OEB staff notes that the model in reference 2 uses a combination of adjusted (excluding the two customers) and non-adjusted data (including the two customers) to calculate the % ratios of actual kWh/actual total wholesale purchase kWh and % ratios of actual kW/kWh instead of using the same types of data.

Question(s):

- a) Please correct the formula for Cell J70 in reference 2 as needed.

CWH Response: As filed in IRs

Final Load Forecast Results										
	Year	2018BA	2018	2019	2020	2021	2022	2023	2024	2025
Residential	Cust/Conn	6,107	6,172	6,268	6,383	6,493	6,593	6,621	6,701	6,781
	kWh	44,844,896	46,568,391	45,878,451	49,496,753	49,937,426	50,179,106	49,125,071	47,317,257	47,392,023
General Service < 50 kW	Cust/Conn	758	749	760	782	779	786	790	799	808
	kWh	20,920,091	23,320,954	22,669,049	23,240,083	23,835,443	25,258,077	25,014,670	23,291,155	23,327,957
General Service 50 to 4999 kW	Cust/Conn	45	53	54	54	59	60	61	62	62
	kWh	61,343,551	69,455,133	67,788,854	64,996,033	68,607,925	67,692,411	66,838,929	68,835,784	68,944,551
	kW	158,301	187,416	186,569	181,724	190,019	195,066	191,782	190,347	190,648
Unmetered Scattered Load	Cust/Conn	13	13	13	13	14	14	12	12	12
	kWh	559,426	571,748	585,041	589,141	619,395	631,477	644,042	553,756	550,939
Sentinel Lighting	Cust/Conn	29	27	26	26	26	26	26	25	25
	kWh	39,009	36,405	35,563	35,581	35,485	35,485	35,152	33,332	33,332
	kW	101	101	99	99	99	98	98	92	92
Street Lighting	Cust/Conn	1,716	1,758	1,802	1,826	1,845	1,845	1,854	1,872	1,890
	kWh	569,977	520,136	517,704	525,998	532,299	530,327	534,834	556,740	562,177
	kW	1,520	1,436	1,429	1,445	1,467	1,467	1,472	1,541	1,556
Total	Cust/Conn	8,668	8,773	8,923	9,084	9,215	9,325	9,366	9,472	9,579
	kWh	128,276,950	140,472,767	137,474,662	138,883,589	143,567,973	144,326,883	142,192,699	140,588,025	140,810,978
	kW	159,922	188,954	188,096	183,268	191,585	196,631	193,352	191,980	192,296
			8,774	8,923	9,085	9,216	9,326	9,366	9,472	9,579
			140,472,767	137,474,662	138,883,589	143,567,973	144,326,883	142,192,699	140,588,025	140,810,978
			188,954	188,097	183,268	191,585	196,632	193,346	191,980	192,296

With corrected J70 to use actuals (retail consumption for the GS 50-4999)

Final Load Forecast Results										
	Year	2018BA	2018	2019	2020	2021	2022	2023	2024	2025
Residential	Cust/Conn	6,107	6,172	6,268	6,383	6,493	6,593	6,621	6,701	6,781
	kWh	44,844,896	46,568,391	45,878,451	49,496,753	49,937,426	50,179,106	49,125,071	47,317,257	47,392,023
General Service < 50 kW	Cust/Conn	758	749	760	782	779	786	790	799	808
	kWh	20,920,091	23,320,954	22,669,049	23,240,083	23,835,443	25,258,077	25,014,670	23,291,155	23,327,957
General Service 50 to 4999 kW	Cust/Conn	45	53	54	54	59	60	61	62	62
	kWh	61,343,551	69,455,133	67,788,854	64,996,033	68,607,925	67,692,411	66,838,929	68,835,784	68,944,551
	kW	158,301	187,416	186,569	181,724	190,019	195,066	191,782	190,256	190,556
Unmetered Scattered Load	Cust/Conn	13	13	13	13	14	14	12	12	12
	kWh	559,426	571,748	585,041	589,141	619,395	631,477	644,042	553,756	550,939
Sentinel Lighting	Cust/Conn	29	27	26	26	26	26	26	25	25
	kWh	39,009	36,405	35,563	35,581	35,485	35,485	35,152	33,332	33,332
	kW	101	101	99	99	99	98	98	92	92
Street Lighting	Cust/Conn	1,716	1,758	1,802	1,826	1,845	1,845	1,854	1,872	1,890
	kWh	569,977	520,136	517,704	525,998	532,299	530,327	534,834	556,740	562,177
	kW	1,520	1,436	1,429	1,445	1,467	1,467	1,472	1,541	1,556
Total	Cust/Conn	8,668	8,773	8,923	9,084	9,215	9,325	9,366	9,472	9,579
	kWh	128,276,950	140,472,767	137,474,662	138,883,589	143,567,973	144,326,883	142,192,699	140,588,025	140,810,978
	kW	159,922	188,954	188,096	183,268	191,585	196,631	193,352	191,889	192,205

- b) Please provide a forecast scenario by updating the tables for residential and GS rate classes in reference 2 using adjusted data that exclude the two customers.

CWH Response: As explained in the preamble, the scenario filed with the IRs on August 1st, already excludes Customers #3 and #4.

- c) Please provide an updated load forecast table in the same format as reference 3 based on the updated forecast for 2024 and 2025 in (b). For GS>50, please manually add the forecast volumes to include the wholesale market participant in the 2024 and 2025 forecasts.

CWH Response: The Wholesale Market customer (Customer #5) was appropriately not included in the load forecast. Wholesale market participants are customers that purchase electricity directly from the IESO rather than from their LDCs. Since they are not served by the LDC, their load is not part of the LDC's responsibility and thus should not be included in the LDC's load forecast. Including the wholesale participant in the load forecast will lead to an inaccurate forecast.

Nonetheless, CWH has run the requested scenario and attached it to these responses.

Question 7

Ref 1: Chapter 2 IRR, Appendix 2-K

Ref 2: Exhibit 4, p. 40

Ref 4: Exhibit 4, Table 17, p. 41

Ref 3: 4-SEC18

Preamble:

In reference 1, the total number of FTEs shows a decline from 16.78 in 2023 to 15.55 in 2024 and is forecast to remain unchanged at 15.55 in 2025. Centre Wellington Hydro stated in reference 2 that there is no replacement of 1 FTE office position following retirement in the 2024 bridge year.

In reference 3, Centre Wellington Hydro states that:

In 2024, a Management Retirement allowed for the promotion of an existing non management staff member and the non management count was reduced from 13 to 12. Through the succession plan the existing non management position was not replaced, instead duties were redistributed amongst the existing team and a shared employee agreement ended, and the employee resumed working full time hours for CWH. The new manager has maintained certain duties from their previous role which they specialize in, including project management and business analyst. When the existing role of the Operations Manager was vacated in 2023 through retirement, the incumbent hired had a formal designation and industry experience and therefore the salary rate was adjusted to reflect the level of formal qualification and additional responsibility.

In reference 1, the total salary and wages (including overtime and incentive pay) shows an increase of 3.6% (\$59k) in 2024 and 3.0% (\$50k) in 2025.

Reference 4 shows wage increases for non-management and management of 3.0% effective September 1, 2024 and 3.0% effective September 1, 2025.

OEB staff notes that the forecast change in total salary and wage (reference 1) in 2024 appears to be in line with the wage increases in reference 4, however the forecast change in the total salary and wages in 2024 does not appear to be in line with the change in FTE (16.78 in 2023 to 15.55 in 2024).

Question(s):

- a) Please explain why the total salary and wages shows an increase of 3.6% in 2024 compared to 2023 when there is no replacement of 1 FTE following a retirement in 2024. Is this due to the higher adjusted salary rate for the

incumbent hired that offset the change in total salary and wages due to the reduction of 1 FTE?

CWH Response: In 2023 CWH had two part time co-op students that made up .55 of an FTE, these were not in place in 2024. Therefore, the FTE count was reduced in 2024, however the salary and wages were not significant enough to see the change in total compensation dollars in 2024 relative to 2023.

Within one department there were two changes which attributed to 2024's increase in total salary and wages and a decrease in FTE. First, as part of the succession process the new manager's experience, education and duties were reviewed and the role reassessed for future growth. The result was a position salary increase which better reflected the updated responsibilities and accountability. Secondly, within this same department a work share agreement, with another LDC, mutually ended which saw CWH assuming all wage and benefit costs related to the employee, and an end to cost sharing in 2024. This position had the costs shared at 50% in all of 2023 and 9 months of 2022, but was still counted as 1 FTE in 2022 and 2023.

In 2023 CWH had an overlap of .13 FTE for succession planning in a management role. This decreased the FTE count in in 2024 by .13, however the total salary and wages did not materially decrease as there was a position salary increase which better reflected the updated responsibilities and accountability.

Also in 2024, as a condition of the union agreement, CWH's apprentice had an increase in wage.

Question 8

Ref 1: 7-Staff-55

Ref 2: Tariff Schedule Bill Impact Model IRR, Tab 6. Bill Impacts

Preamble:

In reference 1, Centre Wellington Hydro provided a scenario to adjust the revenue to cost ratio for Unmetered Scattered Load and Street Lighting rate classes to 80% over 2025 and 2026 in order to avoid bill impacts over 10%. Centre Wellington Hydro also provided bill impact scenarios for the starting point, proposed 2025, and proposed 2026.

OEB staff notes that the bill impacts resulting from the proposed changes in revenue to cost ratios in 2025 and 2026 for USL and Street Lighting rate classes are higher in 2025 compared to the starting point and the bill impacts in 2026 are higher than in 2025. The total bill impacts for these rate classes are above 10% for the 2025 and 2026 scenarios but below 10% for the starting point scenario.

OEB staff also notes the bill impacts (starting point scenario) in reference 1 are different from reference 2.

Question(s):

- a) Please explain why the total bill impacts for the 2025 and 2026 scenarios are above 10% but below 10% for the starting point scenario.
- b) Please explain why the total bill impacts in 2025 are higher than the starting point and why the total bill impacts in 2026 are higher than in 2025. Please revise the evidence as needed.
- c) Please explain why the bill impacts (starting point) in reference 1 and reference 2 are not the same.

CWH Response: a) b) c): In reviewing the responses and attempting to formulate an explanation, CWH is only able to submit the shortfall rather than the bill impacts for future R/C adjustments as the Bill Impact model has limitations as to the “current tariff sheet”. To produce an “accurate” bill impact, CWH would need to create a tariff sheet with hypothetical partially adjusted Revenue to Cost ratios, which would be speculative leading to inaccurate bill impacts.

1st R/C ratios adjustment				
Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Shortfall Reconciliation
Residential	100.03%	99.95%	0.08%	-\$2,577.74
General Service < 50 kW	104.42%	103.00%	1.42%	-\$12,531.43
General Service 50 to 4999 kW	104.13%	103.00%	1.13%	-\$12,378.75
				\$0.00
Unmetered Scattered Load	53.73%	70.00%	-16.27%	\$3,347.42
Sentinel Lighting	94.04%	94.39%	-0.36%	\$16.08
Street Lighting	55.87%	70.00%	-14.13%	\$24,124.43

2nd R/C ratios adjustment				
Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Shortfall Reconciliation
Residential	100.03%	99.96%	0.07%	-\$2,264.85
General Service < 50 kW	104.42%	102.00%	2.42%	-\$21,338.47
General Service 50 to 4999 kW	104.13%	102.03%	2.11%	-\$23,016.18
				\$0.00
Unmetered Scattered Load	53.73%	80.00%	-26.27%	\$5,405.17
Sentinel Lighting	94.04%	94.39%	-0.36%	\$16.08
Street Lighting	55.87%	80.00%	-24.13%	\$41,198.26

Question 9
Ref: 8-Staff-61

Preamble:

OEB staff was not able to find any bill impact analysis provided by Centre Wellington Hydro in response to 8-Staff-61 or additional information which supports Centre Wellington Hydro's statement:

It was determined there are no significant cost differences and overall burden due to the administration, billing, and operations CWH completes between a customer who has a monthly demand greater than 3,000kW and a customer that is below.

Question(s):

- a) Please provide additional documents or analysis to support the above statement.

CWH Response: CWH notes that unfortunately, re-running a rate design scenario to separately analyze both classes, which involves creating a new Load Forecast, Load Profiles, Cost Allocation, Rate Design (R/C ratios), and bill impact analysis, requires significant time and resources that are not currently available.

However, to assist the OEB Staff in understanding the rationale behind merging the General Service 50-2999 kW class with the General Service 3000-4999 kW class, CWH conducted a comparison of the separated GS classes on February 21st and a combined GS class version on February 27th which is being included with these responses.

It is important to note that several adjustments were made to the OM&A and capital budgets during the process of combining the classes and as such, the revenue requirement does not perfectly match. As a result, there are discrepancies between the final inputs for the "Separate GS Classes" scenario on February 21, 2024, and the "Combined GS Classes" scenario from February 27, 2024. Additionally, critical inputs such as Audited Financial Statements, OM&A, Capital Expenditures, utility-specific Load Profiles, and updated Cost Allocation data were not yet finalized at that time. Therefore, the results from these preliminary models should not be directly compared to the current application.

Question 10

Ref 1: 8-Staff-60

Ref 2: Chapter 2 IRR, Appendix 2-R

Preamble:

In the references, Centre Wellington Hydro proposed to use the weighted methodology to derive the Supply Facilities Loss Factor of 1.0242.

In reference 2, OEB staff used the historical Supply Facilities Loss data in row H to calculate a five-year average (2019 to 2023) which is equal to 1.0137. OEB staff notes that the five-year average methodology produces the Supply Facilities Loss Factor that is 0.0105 lower than the proposed weighted methodology.

In reference 1, Centre Wellington Hydro stated that:

Instead of the five-year average of 1.0137, CWH followed the OEB directive to calculate the SFLF as the weighted average. CWH notes it applied this method only to the most recent year and not to historical data, thus not calculating a five-year average.

Question(s):

- a) Please explain why the weighted methodology results in a higher value of the Supply Facilities Loss Factor than the five-year average methodology.

CWH Response: Upon reviewing Hydro One's invoices and comparing them to the total supply facility loss factor in CWH's Utilismart system, it was discovered that the supply loss of 1.006 charged to CWH by Hydro One differs from the typical Hydro One loss of 1.034.

In an email from Hydro One to CWH, it was clarified that for Hydro One billing to CWH, the OEB-approved Hydro One distribution rates loss factor for "metering at station" apply. (Hydro One referred to its decision rate order HONI CIR on hydroone.com, Page 25 of 29)

Total Loss Factors:

Embedded Delivery Points (metering at station): 1.006

Embedded Delivery Points (metering away from station): 1.034

Hydro One goes on to explain that that based on the specification above, the M3 meter has a loss factor of 1.006, while the M7 meters (Elora West and East) have loss factors of 1.034. (Elora West and East are only charged a service charge, not commodity)

Given this above information, CWH commits to updating its supply facility loss to an average of the previous five years. Additionally, CWH can confirm that its actual losses, as indicated as the difference between lines A(1) and A(2), comprise a combination of Hydro One, IESO, and embedded generation losses.

The revised SFLF would be 1.0137

		Historical Years					5-Year Average
		2019	2020	2021	2022	2023	
Losses Within Distributor's System							
A(1)	"Wholesale" kWh delivered to distributor (higher value)	147,279,221	148,457,259	153,248,432	154,053,312	151,551,402	150,917,925
A(2)	"Wholesale" kWh delivered to distributor (lower value)	145,303,687	146,435,447	151,244,673	151,965,366	149,419,902	148,873,815
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	-	-	-			-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	145,303,687	146,435,447	151,244,673	151,965,366	149,419,902	148,873,815
D	"Retail" kWh delivered by distributor	140,210,973	141,625,817	146,341,995	147,036,986	144,473,219	143,937,798
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	-	-				-
F	Net "Retail" kWh delivered by distributor = D - E	140,210,973	141,625,817	146,341,995	147,036,986	144,473,219	143,937,798
G	Loss Factor in Distributor's system = C / F	1.0363	1.0340	1.0335	1.0335	1.0342	1.0343
Losses Upstream of Distributor's System							
H	Supply Facilities Loss Factor	1.0136	1.0138	1.0132	1.0137	1.0143	1.0137
Total Losses							
I	Total Loss Factor = G x H	1.0504	1.0482	1.0472	1.0477	1.0490	1.0485

- b) Please provide the sources of information for the OEB directive mentioned in reference 1.

CWH Response: CWH notes that the instructions where a partially embedded utility should use a weighting of IESO/Hydro One is outdated and stems from a set of previous filing requirements.

Question 11

Ref 1: 6-Staff-48 Interrogatory Response

Ref 2: Exhibit 6, pp. 9, 14,16-17

Ref 3: OEB Letter - Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019

Preamble:

In response to 6-Staff-48, Centre Wellington Hydro calculated a balance of Account 1592 for each of the years between 2018 and 2023 in the amount of \$142k. Centre Wellington Hydro stated that it was a hypothetical value because in reality its loss carry forwards were used and will continue to be used to have the current PILs tax implications remain at zero.

Per reference 3, utilities must “record the impact of the CCA rule changes in Account 1592, sub-account CCA Changes, for the period starting in November 21, 2018, and until the effective date of the utility’s next cost-based rate order.” Furthermore, the guidance emphasizes that “the amount recorded in the sub-account should reflect the difference between the CCA that would have been calculated prior to the rule change and the CCA calculated under the new rules.”

Question(s):

- a) Please provide any precedent for this regulatory treatment proposed by Centre Wellington Hydro (i.e. not using the account 1592 sub-account for the CCA difference in the incentive period).

CWH Response: CWH is not aware of any LDCs with the same tax pattern as CWH, however, CWH notes that, conceptually, its proposal is similar in nature to the proposal approved for ELK in its 2022 Cost of Service Application (EB-2021-0016) and for Hearst in its 2021 Cost of Service Proceeding (EB-2020-0027). It is CWH’s understanding that ELK and Hearst did not dispose of any amounts through account 1592 for CCA differences during their IRM periods because they did not claim accelerated CCA during its IRM period and therefore did not apply any accelerated CCA against PILs during their IRM period that generated tax savings that could be tracked in the account. While CWH did claim accelerated CCA, as directed by the OEB in Reference 3, it did not apply any accelerated CCA against PILs during its IRM period, such that there are no related tax savings to capture during the IRM period and dispose of; all of the incremental CCA resulting from the application of accelerated CCA from 2018 to 2023 remains available as tax loss carry forwards to be applied in future rates, in the same way, conceptually that the CCA that ELK and Hearst did not claim under the AIIP rules remains to be claimed against future PILs amounts.

SEC Pre-Settlement Conference Clarification Questions

1. [2-Staff-25d] With respect to the Gartshore Extension project:

- a. CWH states: “The estimate does not include a capital contribution amount as an economic evaluation has not been completed to date as there is not enough information confirmed to do so and contributions are not anticipated.” If there is not enough information to complete an economic evaluation, please explain the basis for the statement that “contributions are not anticipated”.

CWH Response: Based on previous experience CWH has taken a conservative approach and assumed that there will be no capital contributions as the likely outcome, which CWH’s capital expenditure budget will accurately reflect.

- b. Please undertake an economic evaluation, based on the forecast information included in the application and reasonable assumptions. For all assumptions made, please detail them and provide the basis for them. Please provide a live copy of the model.

CWH Response: CWH does not have the information required to reasonably undertake an economic evaluation at this time. The customer has indicated its plans are to connect a customer owned 44kv primary transformer between 1,000 and 2,000 KVA nameplate rating. The main service will be 600 volt, however the amperage size is undetermined. Also undetermined currently is the expected connected load, peak demand, and kWh usage projections. Regardless of the actual load, CWH needs to extend its 44kV distribution system to connect the new service, as currently there is no 44kV circuits in the vicinity.

2. [2-SEC-6d] As requested in the interrogatory, please explain why the “why the additional cost is commensurate with the incremental reliability provided by the proposed project.”

CWH response: Interrogatory 2-SEC-6d asks why the additional cost is commensurate with the incremental reliability in light of CWH’s answer to 2-SEC-6 c. CWH’s answer to part c stated: CWH currently has the ability to remove one of the existing 4 stations from service for maintenance, repair, and unplanned outages due to all causes. Currently, when one of the 4 stations is removed from service for any of the aforementioned reasons, there is an added risk to reliability as no other stations (a 2nd station) can be

removed from service at the same time, as the total load on the distribution system would be greater than any 2 of the remaining stations total capacity. Installing the planned Fergus MS-5 station would eliminate this risk and give CWH the capability to have up to two stations removed from service at the same time, albeit during shoulder seasons when system load remains below the system peak.

Specific to part c's answer, the cost of the planned new station build will eliminate a risk that CWH could have the need for 2 stations to be out of service at any given time for planned or unplanned work. If this were to happen service to entire customer areas connected to stations would be adversely affected by outages.

Additionally, the cost of the new station, which is expected to adjust rates in-line with inflation, is proportionately inline or commensurate with CWH's objective to maintain current reliability levels at their current state.

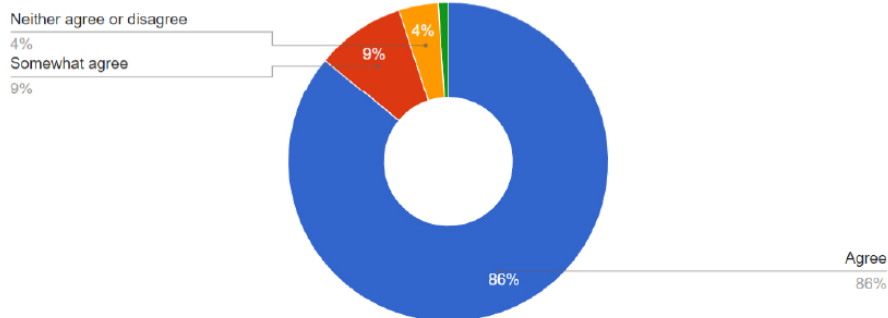
CWH's customer DSP engagement survey explained this position and plan to continue to offer current day reliability by replacing assets prior to failure and actively planning the new station build and all capital projects with the goal of rate increases inline with inflation. As can be seen from the responses below, overwhelmingly, CWH's customers agreed with this approach.

Capital Investment Plan

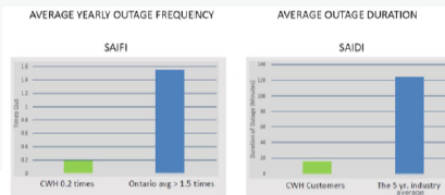


CWH spent \$1.1 Million annually on Capital Investments in our current DSP timeframe from 2017 to 2022. CWH is proposing an annual Capital Investment Budget of \$2.0 Million for the next 5-year (2025 to 2029) DSP with the higher investment mainly due to an extraordinary spend for a new Distribution Station build in Fergus. Aside from the planned new station build a large portion of our Capital Investment Budget is directed to the replacement of poles in poor and very poor condition, and a large truck replacement.

Do you agree with an investment plan that replaces assets prior to failure in the field?

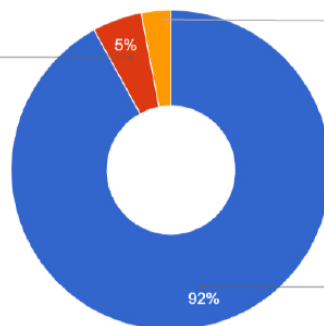


CWH's Reliability is excellent compared to Ontario's industry average. Our customers have fewer outages, and our responsiveness keeps outage duration to a minimum. Our approach to the next 5-year DSP plan is to maintain the current excellent reliability and complete similar projects with minimal rate increases, which are mainly due to inflation and increased material costs.



Which of the following investment approaches align with your expectations?

Reduced investment plan with reduced rates that would negatively affect the Distribution System and reliability.
5%



Accelerated investment plan with increased rates, above inflation and material cost escalations, to improve reliability even more.
3%

Carry out the DSP proposed investment for pole replacements and a new station to maintain the current levels of reliability with minimal increases to rates to cover inflation and material cost escalation.
92%

3. [2-SEC-12b] The reference in the response is to a copy of the survey but not the survey results. Please provide a copy of the survey results.

CWH Response: CWH apologizes for the oversight and has included the survey results.

4. [4-SEC-20a,b] Please provide information to demonstrate that Infrastructure Ontario is the most cost-effective source of long-term debt.

CWH Response: Through discussions with our current financial institution and the interest rate they provided, 5.11% for 5-years, it was determined that the bank rate that CWH would be approved for was going to be more than what Infrastructure Ontario was able to offer CWH. CWH inquired with an additional institution, however they were requesting all of CWH's financial business needs be transferred to them; furthermore they expressed they would not be able to provide a rate as low as Infrastructure Ontario or the stability of a fixed 25-year term. CWH has already established financing with Infrastructure Ontario and completes annual renewal documents for existing loans, therefore no additional requirements will be needed if CWH continues its financing relationship with Infrastructure Ontario.

CQ-SEC-5

[Appendix 2-AA, AB, BA] CWH has updated its 2024 capital budget as part of its interrogatory responses. Please provide a detailed explanation of the changes.

CWH Response: The capital additions for 2024 originally filed, May 1, 2024, were based on CWH's 2024 CWH Board approved budget that was approved in November 2023. At that time, CWH anticipated closing off 3 specific capital jobs in 2023 however, as of December 31, 2023 they were not completed and could not be capitalized. The capital expenditures that were paid in 2023 for these 3 jobs were allocated to the Work-in Progress account, account 2055, at the end of 2023. The capital expenditures were, in error, not included in the 2024 additions in the original CoS filing and this was determined during the error checking process. This accounted for:

Mill St – System Service \$133K

Moir St – System Renewal \$40K

F7 Circuit Extension – System Renewal \$97K

The following changes were made during the interrogatory responses.

Regarding CP1-Services, in System Access, the increase from 2024 budget (\$63,400) to 2024 projected (\$228,000), is partly due to services that were being upgraded in 2023 as part of a capital job that was not completed in 2023 and finished in 2024, and partly due to the addition of new work in 2024. Specifically, during the application process, CWH was approached by four additional commercial / industrial customers for system access work. These four services are projected to have gross costs of \$105K and \$59K in contributed capital.

With respect to Transformers in CP9, System Renewal, in May 2024, \$157K of transformers ordered in the fall of 2022 were delivered. Additionally, another \$56K of transformers ordered in 2023 were delivered in 2024. These were incremental to the \$59K worth of refurbished transformers that CWH purchased in 2024, for which the lead time was much shorter than the new transformers ordered in 2022 and 2023.

Within System Service, CP 13 Meters - Meter deliveries have been very difficult to predict in recent years. That said, the budget was revised to reflect the fact that CWH anticipates receiving a \$40K order of residential meters from Honeywell in Q4 2024. These meters were ordered in January 2024, and at the time showed an estimated delivery time of 46-48 weeks.

Also within System Service is the EMS-2 Transformer replacement. It originally had a budget of \$993,500, however the projected cost during IRRs increased to \$1,353,000. The majority of the increased costs were from contractor works associated with the project, which were tendered and came in at approximately \$300k over budget which included all civil works, spill containment and decommissioning activities. In addition, associated costs for transportation, testing and energizing of the transformer that CWH

had included in the overall transformer cost were higher than budgeted expectations. The variance in the revised mid-2024 budget update estimate and original budget are attributed to these factors along with some minor increases in engineering and SCADA related costs that are being completed.

At the time of interrogatories when CWH realized the increased capital expenditures, explained above, CWH moved two capital projects from 2024 to partially offset these increases; one was moved to 2025 and a second capital project was moved to 2026.

**CENTRE WELLINGTON HYDRO
2025 RATE APPLICATION (EB-2024-0012)
PRE-SETTLEMENT FOLLOW-UP AND CLARIFICATION QUESTIONS**

(Numbering follows from VECC IR numbering)

VECC-51


REFERENCE: 3-VECC 19 c)
IRR-Load Forecast, Bridge & Test Year Class Forecast Tab

PREAMBLE: The response to VECC 19 c) states the following with respect to CWH's one WMP customer:
"The customer referenced in the previous response falls into the current General Service 50-2,999 kW category. For the purpose of CWH's load forecasting, only the kW measurements of this customer's usage are considered; kWh data is not included in the load forecast calculations."

- a) Please explain how, in the Bridge & Test Year Class Forecast Tab, the billing demand for CWH's one WMP customer is incorporated in the derivation of the forecast billing demand for the GS 50-4,999 class.

CWH Response: The IESO primarily charges wholesale market participants for energy consumption (kWh), while demand charges are managed by LDCs or CWH in this case. Consequently, the kWh consumption for the wholesale market participant was excluded from the Load Forecast, with only the demand component factored into the derivation of the GS50-4999 demand forecast. In the "Tab Bridge & Test Year Class Forecast," this distinction impacts the ratio between kWh and kW, which is then used to determine the demand for the Bridge and Test years.

General Service 50 to 4999 kW						
Year	Actual kWh	Total Wholesale	Ratio%	Predicted Wholesale	Weather Normal	Per customer
2014	73,475,515	145,661,558	50.44%	142,935,367	72,100,353	1,255,739
2015	69,743,207	142,939,977	48.79%	142,824,678	69,686,951	1,274,761
2016	68,898,939	143,959,879	47.86%	144,856,592	69,328,104	1,449,368
2017	67,225,316	140,102,693	47.98%	141,746,297	68,013,964	1,355,760
2018	69,455,133	146,076,623	47.55%	146,244,484	69,534,946	1,303,780
2019	67,788,854	143,375,282	47.28%	144,323,221	68,237,046	1,263,649
2020	64,996,033	140,693,839	46.20%	141,397,669	65,321,180	1,220,957
2021	68,607,925	144,550,584	47.46%	144,396,701	68,534,887	1,161,608
2022	67,692,411	145,384,291	46.56%	144,678,477	67,363,777	1,114,987
2023	66,838,929	143,132,132	46.70%	142,473,372	66,531,306	1,083,278
2024			47.68%	144,363,346	68,835,784	1,112,444
2025			Avg 47.68%	144,591,452	68,944,551	1,105,895



Load corrected based on utility input

General Service 50 to 4999 kW				
Year	New Customer	Per Customer	Added Load	Total
2024	0	1,112,444	0	68,835,784
2025	0	1,105,895	0	68,944,551

General Service 50 to 499 kW			
Year	kWh	kW	KW/kWh Ratio
2014	73,475,515	197,523	0.00269
2015	69,743,207	190,410	0.00273
2016	68,898,939	188,715	0.00274
2017	67,225,316	182,484	0.00271
2018	69,455,133	187,416	0.00270
2019	67,788,854	186,569	0.00275
2020	64,996,033	181,724	0.00280
2021	68,607,925	190,019	0.00277
2022	67,692,411	195,066	0.00288
2023	66,838,929	191,782	0.00287
2024	68,835,784	190,256	0.00276
2025	68,944,551	190,556	0.00276
Avg			0.00276

VECC-52

REFERENCE: 3-VECC 19 a) & b)
IRR-Load Forecast, Bridge & Test Year Class Forecast Tab

PREAMBLE: The response to VECC 19 b) indicates that the load for the new customer starting operation in March 2020 was excluded from the power purchased values used to derive the regression model used in the forecast.

a) Please explain how, in the Bridge & Test Year Class Forecast Tab, the energy use and billing demand for this new CSH customer is incorporated into the derivation of the forecast energy and billing demand for the GS 50-4,999 class?

CWH Response: The manner in which the Load Forecast model originally addressed this issue was to use the Actual Wholesale when determining the ratio between the class specific (retail) and Wholesale which would exclude all adjustments. This method seems to be contested in this particular case and as such, a scenario using the adjusted Wholesale was presented in CWH's responses to 3-VECC-23 i) *please explain why it is appropriate (in Exhibit 3, Table 9) to compare the predicted Wholesale Purchases values with actual unadjusted Wholesale Purchases*

Residential						
Year	Residential Actual kWh	Total Actual Wholesale	Ratio%	Predicted Wholesale	Residential Weather Normal	Per customer
2014	46,177,614	145,661,558	31.70%	142,935,367	45,313,357	7,619
2015	45,098,159	142,939,977	31.55%	142,824,678	45,061,782	7,564
2016	44,914,361	143,959,879	31.20%	144,856,592	45,194,129	7,551
2017	43,252,063	140,102,693	30.87%	141,746,297	43,759,471	7,226
2018	46,568,391	146,076,623	31.88%	146,244,484	46,621,904	7,553
2019	45,878,451	143,375,282	32.00%	144,323,221	46,181,781	7,368
2020	49,496,753	140,693,839	35.18%	141,397,669	49,744,364	7,793
2021	49,937,426	144,550,584	34.55%	144,396,701	49,884,264	7,683
2022	50,179,106	145,384,291	34.51%	144,678,477	49,935,496	7,574
2023	49,125,071	143,132,132	34.32%	142,473,372	48,898,975	7,385
2024			32.78%	144,363,346	47,317,257	7,061
2025			32.78%	144,591,452	47,392,023	6,989



Load corrected based on utility input

Residential						
Year	New Customer	Per customer	Added Load			Total
2024	0	7,061	0			47,317,257
2025	0	6,989	0			47,392,023

VECC-53

REFERENCE: 3-VECC 22 c) ii)

- a) The original question asked not only for the regression model including a trend variable but also the resulting purchased power forecast for 2024 and 2025 using this model. Please provide the 2024 and 2025 purchased power forecast using this model, as originally requested.

CWH Response: CWH has submitted it along with these responses.

VECC-54

REFERENCE: 3-VECC 19 a) & b)
IRR Load Forecast, Bridge & Test Year Class Forecast Tab

- a) Do the actual 2014-2023 kWh values for the GS 50-4999 class used in this Tab (cells B61-B70) include: i) the kWh usage for the one of CWH's existing customer who relocated their major operation in 2014 and ii) the kWh data usage for the new customer who began their operations in March 2020?

CWH Response: CWH confirms that they do.

VECC-55

REFERENCE: 6-VECC 32
3-Staff 32

PREAMBLE: Staff 32 states:
"With respect to EV chargers, CWH has included CWH owned EV chargers in the load forecast."
VECC 32 states:
"Also within the 4375 are revenues from EV chargers that CWH started charging for at the end of 2022. CWH used a 5% increase for the EV revenue to cover the anticipated increase use as the price CWH charges is not anticipated to change."

- a) With respect to Staff 32, where and how are the kWh associated with EV chargers owned by CWH included in the load forecast?

CWH Response: The EV Chargers energy usage is in the GS<50 class.

- b) Are the revenues referred to in VECC 32 derived from the CWH owned EV chargers referred to in Staff 32?

CWH response: The revenues are in account 4375, the expenses are in account 4380, as shown on Chapter 2 Appendices 2-H.

- c) How many EV charging stations does CWH own and what are their kW power ratings?

CWH response: CWH owns 12 EV chargers (individual charging head), each of which are rated for a 7.2 kW power rating.

- d) How does CWH charge for the usage of the EV charging stations it owns (e.g., is it on a per minute or per kWh charge) and is the rate approved by the OEB?

CWH response: CWH charges by the minute of connection time. The EV charging per minute rate is not an approved OEB rate and is it offset electricity and maintenance costs.

VECC-56

REFERENCE: 7-Staff 51
IRR Cost Allocation Model, Tab I6.1

- a) In Tab I6.1, Cell F27 the value is based on the sum of three numbers. What do each of the three number represent?

CWH response: The values represent the kW demand that are used to calculate the transformer allowance. It is three values as the GS 50-2,999 kW class represents two of the numbers and the GS 3,000-4,999 kW is included in this as the third number.

VECC-57

REFERENCE: 7-VECC 38

- a) In total, how many meters do these four customers have that are: i) owned by CWH and ii) read monthly by CWH?

CWH response:

- i) These four customers have a total of 10 meters.
- ii) All 10 meters are read monthly by CWH.

VECC-58

REFERENCE: 7-VECC 44

- a) VECC 41 also asked for the Cost Allocation Model based on demand allocators derived using HONI's load profiles. Please provide.

CWH Response: CWH has submitted it along with these responses.

VECC-59

REFERENCE: IRR – Load Forecast Model, Final LF Tab
IRR - CWH Demand Profile, Tab 4 (CP & NCP Combination)

- a) The forecast 2025 kWh by customer class (per the Final LF Tab) do not match the test year kWhs by customer class used in the Demand Profile model (Tab 4 Cells Q1 to V1). Please reconcile.

CWH Response: CWH has updated the model and submitted it along with these responses.

- b) Please indicate where and how the Test Year kWh inputs to the Demand Profile model incorporate the load for CWH's one WMP customer.

CWH Response: The kWh for the Wholesale Market Participant is excluded from the load forecast, as detailed in the response to VECC-19. Consequently, these values are not incorporated into the Demand Profile model. CWH also notes that the WMP's demand has been excluded from the demand profile to more accurately reflect the load characteristics of non-WMP customers.

VECC-60

REFERENCE: 8-Staff 61

PREAMBLE: The response states:
"A Cost Allocation, RRWF and Bill Impact with the two GS>50 classes separated are filed with this application"

- a) It is not clear which of the files provided the response is referring to. Please provide the file names for the Cost Allocation, RRWF and Bill Impact files with the two GS>50 classes separated.

CWH Response: The requested files and response was filed as part of Staff's Clarifying IRs. The actual response is reproduced below for ease of reference.

CWH Response: CWH notes that unfortunately, re-running a rate design scenario to separately analyze both classes, which involves creating a new Load Forecast, Load Profiles, Cost Allocation, Rate Design (R/C ratios), and bill impact analysis, requires significant time and resources that are not currently available.

However, to assist the OEB Staff in understanding the rationale behind merging the General Service class 50-2999 kW with the General Service 3000-4999 kW, CWH conducted a comparison of the separated GS classes on February 21st and a combined GS class version on February 27th which it is sharing along with these responses.

It is important to note that several adjustments were made to the OM&A and capital budgets during the process of combining the classes and as such, the revenue requirement does not perfectly match. As a result, there are discrepancies between the final inputs for the "Separate GS Classes" scenario on February 21, 2024, and the "Combined GS Classes" scenario from February 27, 2024. Additionally, critical inputs such as Audited Financial Statements, OM&A, Capital Expenditures, utility-specific Load Profiles, and updated Cost Allocation data were not yet finalized at that time. Therefore, the results from these preliminary models should not be directly compared to the current application.

VECC-61

REFERENCE: 8-VECC 45

- a) The original question asked for the identified items to be provided for each of the GS 50-2999 and GS 3000-4999 classes using the 2018 CAM. The response only provided the results for the two classes combined. Please provide a response to the question as originally posed.

CWH Response:

	GS>50-2999	GS3000-4999
i. The total allocated demand related costs	\$3,928,397	\$827,114
ii. The total forecast kW	158,301.00	43,103.00
iii. The ratio of item (i) to item (ii)	24.82	19.19
iv. The total allocated customer-related costs	\$268,475	\$32,409
v. The total forecast customer count	45.00	1.00
vi. The ratio of item (iv) to item (v).	5,966.11	32,409.00

VECC-61

REFERENCE: 8-VECC 46

- a) It is not clear if the response addresses the question as posed. Please complete the following table:

CWH Response:

	Variable Revenue			Fixed Revenue			Total
	(1)	(2)	(3) = (1) x (2)	(4)	(5)	(6) = (4) x (5)	(7) = (3) + (6)
	2023 kW	2024 Rate (\$/kW)	Var. Revenue	2023 Cust. Count	2024 Fixed Rate	Fixed Revenue	
(a) GS 50-2999	160,015	4.8997	\$784,023	60	198.93	\$11,936	\$795,959
(b) GS 3000-4999	31,767	3.7142	\$117,991	1	801.69	\$ 802	\$118,792
Total (a)+(b)	191,782	n/a	\$902,014	61	n/a	\$12,737	\$914,751

VECC-62REFERENCE: IRR Cost Allocation Model, Tab O1
IRR RRWF, Cost Allocation Tab

- a) The Status Quo Revenue to Cost Ratio in Tab O1 don't match those in the RRWF. Please reconcile. (Note: In the RRWF, Cost Allocation Tab, Table B – the total revenues in columns 7C and 7D don't match. However, in principle, they should.)

CWH Response: CWH has updated the RRWF model and submitted it along with these responses.

VECC-63REFERENCE: 8-Staff 60
IRR Chapter 2 Appendices, Tab 2-R

- a) Please explain the difference between the 1.0242 SFLF which appears to be calculated using 2023 actual data and the 1.0143 SFLF for 2023 calculated in Appendix 2-R which is also derived from actual data (i.e., why aren't the two results the same?).

Please see CWH's response to Question 10 reproduced below.

CWH Response: Upon reviewing Hydro One's invoices and comparing them to the total supply facility loss factor in Centre Wellington Hydro's Utilismart

system, it was discovered that the supply loss of 1.006 charged to CWH by Hydro One differs from the typical Hydro One loss of 1.034.

In an email from Hydro One to Centre Wellington Hydro, it was clarified that for Hydro One billing to CWH, the OEB-approved Hydro One distribution rates loss factors for “metering at station” apply. (Hydro One refer to its decision rate order HONI CIR on hydroone.com, Page 25 of 29)

Total Loss Factors:

Embedded Delivery Points (metering at station): 1.006

Embedded Delivery Points (metering away from station): 1.034

Hydro One goes on to explain that that based on the specification above, the M3 meter has a loss factor of 1.006, while the M7 meters (Elora West and East) have loss factors of 1.034. (Elora West and East are only charged a service charge, not commodity or demand)

Given this above information, CWH commits to updating its supply facility loss to an average of the previous five years. Additionally, CWH can confirm that its actual losses, as indicated as the difference between lines A(1) and A(2), comprise a combination of Hydro One, IESO, and embedded generation losses.

The revised SFLF would be 1.0137

		Historical Years					5-Year Average
		2019	2020	2021	2022	2023	
Losses Within Distributor's System							
A(1)	"Wholesale" kWh delivered to distributor (higher value)	147,279,221	148,457,259	153,248,432	154,053,312	151,551,402	150,917,925
A(2)	"Wholesale" kWh delivered to distributor (lower value)	145,303,687	146,435,447	151,244,673	151,965,366	149,419,902	148,873,815
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	-	-	-			-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	145,303,687	146,435,447	151,244,673	151,965,366	149,419,902	148,873,815
D	"Retail" kWh delivered by distributor	140,210,973	141,625,817	146,341,995	147,036,986	144,473,219	143,937,798
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	-	-				-
F	Net "Retail" kWh delivered by distributor = D - E	140,210,973	141,625,817	146,341,995	147,036,986	144,473,219	143,937,798
G	Loss Factor in Distributor's system = C / F	1.0363	1.0340	1.0335	1.0335	1.0342	1.0343
Losses Upstream of Distributor's System							
H	Supply Facilities Loss Factor	1.0136	1.0138	1.0132	1.0137	1.0143	1.0137
Total Losses							
I	Total Loss Factor = G x H	1.0504	1.0482	1.0472	1.0477	1.0490	1.0485

**CENTRE WELLINGTON HYDRO
2025 RATE APPLICATION (EB-2024-0012)
PRE-SETTLEMENT FOLLOW-UP AND CLARIFICATION QUESTIONS**

Part 2

(Numbering follows from VECC IR numbering)

VECC-64

REFERENCE: 2-VECC-3

Please provide the breakdown of Defective Equipment by Equipment Type data by year for 2018 to 2023.

CWH Response:

Centre Wellington Hydro Ltd.						
Cause of Defective Equipment						
	2018	2019	2020	2021	2022	2023
Wire - Primary	2	1	2		1	1
Wire - Sec			1			
UG Cable	2	3	2			
UG Elbow	1			1		3
Fused Switch	2	2	1	2	4	1
TX	1	1				
Customer Equipment	1					
Arrester						1
Total	9	7	6	3	5	6

VECC-65

REFERENCE: 4-VECC-27 (b)

Please provide the budgeted amounts in 2025 for the Market Renewal Program and Dynamic Pricing for Non-RPP Class B.

CWH Response: No costs for the IESO's Market Renewal Program have been included in the 2025 budget, as it will be a one time cost and not expected to continue.