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**BY E-MAIL**

November 16, 2017

John Pickernell  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Algoma Power Inc.  
2018 IRM Distribution Rate Application  
OEB Staff Interrogatories  
OEB File No. EB-2017-0025**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant and the intervenor have been copied on this filing.

Algoma Power Inc.'s responses to interrogatories are due by November 27, 2017.

Yours truly,

*Original Signed By*

Christiane Wong  
Incentive Rates & Accounting

Encl.

**Algoma Power Inc.  
EB-2017-0025**

**Staff IR-1**

**Ref: Rate-Setting Method**

A portion of Sheet “1. Information Sheet” from the Rate Generator Model is reproduced below.

	Version	1.0
Utility Name	Algoma Power Inc.	
Assigned EB Number	EB-2017-0024	
Name of Contact and Title	Brian Vander Vloet, Manager Finance	
Phone Number	905-871-0330	
Email Address	brian.vandervloet@cnpower.com	
We are applying for rates effective	January-01-18	
Rate-Setting Method	Annual IR Index	
Please indicate in which Rate Year the Group 1 accounts were last cleared <sup>1</sup>	2017	
Please indicate the last Cost of Service Re-Basing Year	2015	

Page 1

- a) OEB staff notes that the box in Sheet 1 of the Rate Generator Model pertaining to “Assigned EB Number” indicates “EB-2017-0024” instead of EB-2017-0025.

If Algoma Power is in agreement, OEB Staff will make the correction.

- b) OEB staff notes that the box in Sheet 1 of the Rate Generator Model pertaining to “Rate-Setting Method” indicates “Annual IR Index”, whereas the Manager’s summary states “Price Cap Adjustment” (page 10 of 28).

OEB staff requests Algoma Power to confirm that Algoma Power has elected Annual IR Index as the basis for its IRM rate application.

**Staff IR-2**

**Ref: Manager's Summary, pages 15 & 16 of 28**

On page 16, Algoma Power stated that the 2018 revenue requirement allocated to these two classes is \$20,552,717; the sum of \$16,940,538 and \$4,062,180 from Table 10c.

However, Table 10c on page 15 shows these two numbers as \$16,491,218 and \$4,062,347, totalling \$20,553,565.

- a) Please state which set of number is correct and make any other necessary corrections to the evidence.

**Table 10c**

<b>IRM Indexed Revenue Requirement for 2018 Using the Estimated 2018 Price Cap Excluding Transformer Ownership Allowance</b>			
<b>Customer Class</b>	<b>Revenues</b>		
	<b>Fixed</b>	<b>Variable</b>	<b>Total Revenue</b>
<b>Residential - R1</b>	2,250,511	14,240,707	16,491,218
<b>Residential - R2</b>	487,875	3,574,472	4,062,347
<b>Seasonal</b>	1,286,169	1,653,219	2,939,388
<b>Street Lighting</b>	-	271,503	271,503
	<b>4,024,555</b>	<b>19,739,901</b>	<b>23,764,456</b>

**Staff IR-3**

**Ref: Rate Design – Seasonal Class**

**Ref: Application, pages 9, 68 and 71**

With respect to doing any further adjustment to the fixed/variable split for the Seasonal customer class pursuant to the OEB's policy for Residential Rate design, Algoma Power states:

On April 2, 2015, the Board issued the Board Policy, "A New Residential Rate Design for Residential Electricity Customers"; EB-2012-0410. Under this policy, electricity distributors are to structure residential rates so that all the costs for distribution service are collected through a fixed monthly charge. Due to the manner in which the Residential customer class is structured at Algoma Power specific measures have been taken in this Application in order to comply with this policy; this is addressed in detail in this Application. Algoma Power has previously applied this policy to its Seasonal rate class, in accordance with the Board's findings in Algoma Power's 2016 IRM application.[footnote omitted] In the current Application however, Algoma Power proposes to forego any adjustment to the fixed/variable split for 2018 Seasonal rates in consideration of the total bill impact arising from all other adjustments.

On page 68 of the pdf version of the Application, Algoma Power shows the bill impact for a Seasonal class customer consuming 750 kWh in a month. The total bill impact is shown as an increase of \$21.09 or 8.07%. On page 71, a similar bill impact for a seasonal customer with 50 kWh of monthly consumption is provided, with an overall bill increase of \$5.51 or 9.22%. Both of these are still below the 10% threshold at which consideration of rate mitigation is necessary.

- a) What would be the rate and bill impacts if Algoma Power was to do the rate design impact for the seasonal customer class along with other rate adjustments as applied for? Please provide the bill impact analysis for both 750 kWh and 50 kWh consumption levels.
- b) Please provide a similar analysis to a), but assuming that the Price Cap IR adjustment was 1%, and with other rate adjustments (e.g., DVAs) as applied for.

**Staff IR-4**

**Ref: Account 1588 and Account 1589**

- 1) Per pages 25 and 26 of the application, please confirm that Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589. If not confirmed, please explain the approach used in recording Charge Types 148 and 1142.
  
- 2) With regards to the Dec. 31 balance in Account 1589, all components that flow into Account 1589 (i to iv in table below) should all be based on actuals at year end.
  - a) Please confirm the information based on the information provided in the application in the following table to i) indicate whether the component is based on estimates or actuals at year end and ii) quantify the adjustment pertaining to each component that is trued up from estimate to actual.

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>b) Quantify True Up Adjustment</b>	<b>Comments</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)	Estimate	\$61,000	
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Estimate	\$140,000	
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ratio percentages	N/A	N/A	
iv	Credit of GA RPP: Charge Type 1142 if the approach under previous is used	Actual but trued up	(\$30,525)	

- b) The DVA Continuity Schedule includes an adjustment to Account 1589 for charge types 148 (components ii) and 1142 (component iv) but not unbilled revenues (component i). Please include the true up of unbilled revenues as an adjustment in the DVA Continuity Schedule as well.
  
- 3) Per Table 16 on page 23 of the application, there is a true up of (\$30,525) relating to the true ups described for Account 1588 submitted in August 2017,

- a) Please explain whether this true up pertains to both the Fixed Price Adjustment and microFIT/FIT true up.
- b) If yes, please explain how Account 1589 is impacted from the microFIT/FIT true up.

4) With regards to the Dec. 31 balance in Account 1588, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end.

- a) Please complete the following table to i) indicate whether the component is based on estimates or actuals at year end and ii) quantify the adjustment pertaining to each component that is trued up from estimate to actual.

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>b) Quantify True Up Adjustment</b>	<b>Comments</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)			
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	N/A if charge type booked fully in Account 1589	N/A	
iv	Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	N/A if charge type booked fully in Account 1589	N/A	
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual but trued up	\$31,601+(\$413,097)	

- b) The DVA Continuity Schedule includes an adjustment to Account 1588 for RPP settlement (component v). Please include adjustments for unbilled revenues, charge type 101 in the DVA Continuity Schedule as well if the amounts recorded at year end were based on estimates.

- 5) Per Table 16 of page 22 of the application, true ups for Account 1588 include a true up of the Former Form 1598 Fixed Price Adjustment for \$31,601 and microFIT and FIT true up for (\$413,097).
  - a) Per page 25 of the application, the Fixed Price Adjustment is calculated as the difference between the weighted average energy price and RPP prices multiplied by consumption values. It is indicated that actual consumption data is used in the IESO submissions but true ups are still completed on an annual basis for any changes made after the original IESO settlement submissions were submitted. Please provide further details on what the true up for the Fixed Price Adjustment pertains to.
  - b) Please confirm that the microFit and FIT true up is to true up the difference between wholesale price and contract price. If not, please explain.
- 6) There is a true up in Accounts 1588 and 1589 for December 2016 consumption billed in January 2017 due to a one month IESO submission lag.
  - a) Please confirm that there was no IESO settlement done in the first month that Algoma Power was required to settle with the IESO.
  - b) Please explain whether the IESO is aware of the perpetual one month lag and explain whether they are in agreement with this submission process.
  - c) Please confirm whether the one month lag is in accordance with the IESO Market Rules, if applicable.
- 7) Algoma Power's approved loss factor is 1.0917 and the calculated loss factor from the GA Analysis Workform is 1.1173 (cell F59/D26), a difference of 2.56%. Please explain the difference and revise the GA Analysis Workform as needed.
- 8) The account balance of Account 1595 Sub-Account (2015) or a debit \$8,947 is being requested for disposition. No further dispositions of this vintage account is expected unless justified by the distributor. Please explain why this immaterial amount has not been written off, otherwise please update the DVA continuity to remove this requested amount for disposition.
- 9) On page 23 of the application, it states that "Occasionally, immaterial adjustments to a previously approved 1595 recovery account may be made in the event that there is a billing correction posted subsequent to the request and approval received for the disposition of that account. That adjustment is then moved to another 1595 account

and is requested for disposition in a subsequent proceeding”. Per Appendix A of the *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications for 2018 Rate Applications*, “Any vintage Account 1595 Sub-Account is to be disposed only once, on a final basis. No further dispositions of these accounts are expected thereafter unless justified by the distributor”. Please explain why these immaterial amounts are not written off.