

Grimsby Power Incorporated (Grimsby Power)

2018 IRM Application

EB-2017-0043

Application Analysis

September 26, 2017

Question #1

Ref: Revenue to Cost Ratio Adjustment Model: Tab 3: Re-Based Bill Det & Rates

Board staff notes that the “Current Tariff Service Charge” for the Embedded Distributor Service Classification should be “16,260” instead of “16,620”. If Grimsby Power is in agreement, Board staff will make the relevant correction.

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed			Current Tariff Service Charge D	Current Tariff Distribution Volumetric Rate kWh E	Current Tariff Distribution Volumetric Rate kW F
				Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C			
RES	Residential	Customer	kWh	10,402	95,033,193		22.45	0.0067	
GSLT50	General Service Less Than 50 kW	Customer	kWh	772	19,517,850		24.75	0.0190	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	111	68,212,241	182,713	206.63		3.0217
SL	Street Lighting	Connection	kW	2,653	662,630	1,983	2.30		5.7238
USL	Unmetered Scattered Load	Connection	kWh	72	366,642		32.42	0.0204	
EMB	Embedded Distributor	Connection	kW	1		139,279	16,620.07		1.4009

Grimsby Power Response

1) Grimsby Power agrees that the Tariff Service Charge for the Embedded Distributor Service Classification should be \$16,260 not \$16,620. Grimsby Power notes that this change has no impact of the rates considered in this application.

Question #2**Ref: Sheet 3 “Continuity Schedule”**

Please provide explanations for the following account balances in year 2016:

- Transaction balance of (\$168,872) in account 1595 (2016); (not necessary)
- OEB-Approved Disposition during 2016 in the amount of (\$643,640);
- OEB-Approved Disposition (interest) in the amount of \$115,274.

		2016							
Account Descriptions	Account Number	Opening Principal Amounts as of Jan 1, 2016	Transactions Debit/ (Credit) during 2016	OEB-Approved Disposition during 2016	Principal Adjustments ³ during 2016	Closing Principal Balance as of Dec 31, 2016	Opening Interest Amounts as of Jan 1, 2016	Interest Jan 1 to Dec 31, 2016	OEB-Approved Disposition during 2016
Group 1 Accounts									
LV Variance Account	1550	185,203	145,197	53,874		276,527	1,500	2,680	1,183
Smart Metering Entity Charge Variance Account	1551	(8,886)	(1,947)	(3,695)		(7,137)	(85)	(91)	(81)
RSVA - Wholesale Market Service Charge ⁵	1580	(407,458)	(153,572)	(19,391)		(541,839)	(891)	(5,345)	576
Variance WMS - Sub-account CBR Class A ⁵	1580	0				0	0		
Variance WMS - Sub-account CBR Class B ⁵	1580	50,238	(8,084)			42,154	167	483	
RSVA - Retail Transmission Network Charge	1584	30,733	157,787	20,968		167,553	577	491	495
RSVA - Retail Transmission Connection Charge	1586	(90,389)	59,582	(67,977)		37,160	(1,451)	(630)	(1,548)
RSVA - Power ⁶	1588	211,089	124,160	82,068		253,781	3,752	2,602	2,734
RSVA - Global Adjustment ⁶	1589	(66,437)	(26,069)	274,696		(367,203)	(503)	(1,802)	3,677
Disposition and Recovery/Refund of Regulatory Balances (2009) ³	1595	0				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2010) ³	1595	(0)				(0)	0		
Disposition and Recovery/Refund of Regulatory Balances (2011) ³	1595	0				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595	0		(1,332)		1,332	(16)		(39)
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	301,318		302,649		(1,332)	(123,606)	2,481	(122,491)
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	(81,044)	0	(80,956)		(88)	(7,292)	(667)	(7,591)
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	6,317	(12)			6,305	(22,005)	69	
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595		(168,872)	(643,640)		474,768	0	1,539	115,274
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>									

Grimsby Power Response

2 a) The transaction balance of (\$168,872) in account 1595 (2016) is the amount of funds Grimsby Power collected from September 2016 to December 2016 to recover the balance of regulatory accounts as approved in Grimsby Power’s 2016 rate application (EB-2015-0072). Although Grimsby Power is not asking to dispose of any amounts from this account the balances are necessary to match the 2016 trial balance as of December 31, 2106 in column BU of Tab 3. Continuity Schedule.

2 b) Table 1

Column from Grimsby_IRR_EDDVAR_Continuity Schedule_CoS_v2_6_20160506		BM	BN	BO	BP	BQ	BR	BS	BT	BU	
		2015				Projected Interest on Dec-31-14 Balances			2.1.7 RRR		
Row from 2016 EDDVAR	Account Descriptions	Account Number	Principal Disposition during 2015 - instructed by Board	Interest Disposition during 2015 - instructed by Board	Closing Principal Balances as of Dec 31-14 Adjusted for Dispositions during 2015	Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2014	Projected Interest from Jan 1, 2015 to December 31, 2015 on Dec 31 -14 balance adjusted for disposition during 2014 ⁵	Projected Interest from January 1, 2016 to April 30, 2016 on Dec 31 -14 balance adjusted for disposition during 2015 ⁵	Total Claim	As of Dec 31-14	Variance RRR vs. 2014 Balance (Principal + Interest)
	Group 1 Accounts										
	LV Variance Account	1550	\$34,564	\$648	\$53,874	\$325	\$642	\$196	\$55,037	\$89,411	\$0
	Smart Metering Entity Charge Variance Account	1551	\$5,873	\$156	-\$3,695	-\$23	-\$44	-\$13	-\$3,776	-\$2,310	\$0
	RSVA - Wholesale Market Service Charge	1580	-\$110,836	-\$3,058	-\$19,391	\$878	-\$231	-\$71	-\$18,815	-\$132,407	\$0
	RSVA - Retail Transmission Network Charge	1584	\$127,489	\$2,710	\$20,968	\$169	\$250	\$76	\$21,463	\$151,336	\$0
	RSVA - Retail Transmission Connection Charge	1586	\$32,505	\$581	-\$67,977	-\$491	-\$810	-\$247	-\$69,525	-\$35,381	\$0
	RSVA - Power (excluding Global Adjustment)	1588	\$520,201	\$12,014	\$82,068	\$1,458	\$978	\$298	\$84,802	\$615,741	\$0
	RSVA - Global Adjustment	1589	-\$265,731	-\$3,603	\$274,696	-\$595	\$3,272	\$999	\$278,373	\$4,767	\$0
	Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	\$2,587	-\$33,603	-\$1,332	-\$18	-\$16	-\$5	-\$1,370	-\$32,366	\$0
	Disposition and Recovery/Refund of Regulatory Balances (2013)	1595			\$302,649	-\$127,197	\$3,605	\$1,101	\$180,159	\$175,453	\$0
	Disposition and Recovery/Refund of Regulatory Balances (2014)	1595			-\$80,956	-\$6,333	-\$964	-\$294	-\$88,547	-\$87,288	\$0
	Group 1 Sub-Total (including Account 1589 - Global Adjustment)		\$346,652	-\$23,921	\$560,904	-\$131,826	\$6,682	\$2,040	\$437,800	\$751,809	\$0
	Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		\$612,383	-\$20,318	\$286,208	-\$131,231	\$3,409	\$1,041	\$159,427	\$747,042	\$0
	RSVA - Global Adjustment	1589	-\$265,731	-\$3,603	\$274,696	-\$595	\$3,272	\$999	\$278,373	\$4,767	\$0
	Group 2 Accounts										
	Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508			\$52,721	\$2,590	\$628	\$192	\$56,131	\$55,311	\$0
	Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery										
	Variance - Ontario Clean Energy Benefit Act ⁶	1508			\$0	-\$871			-\$871	-\$871	\$0
	Retail Cost Variance Account - Retail	1518			-\$25,380	-\$791	-\$299	-\$92	-\$26,563	-\$26,172	\$0
	Group 2 Sub-Total		\$0	\$0	\$27,341	\$928	\$329	\$99	\$28,697	\$28,269	\$0
	Total of Group 1 and Group 2 Accounts (including 1562 and 1592)		\$346,652	-\$23,921	\$588,245	-\$130,898	\$7,011	\$2,139	\$466,497	\$780,077	\$0
	LRAM Variance Account	1568			\$11,578	\$318	\$13,394	\$42	\$25,332	\$11,896	\$0
	Total including Account 1568		\$346,652	-\$23,921	\$599,823	-\$130,581	\$20,405	\$2,181	\$491,829	\$791,973	\$0
68											
69											
70	Renewable Generation Connection Capital Deferral Account	1531			\$0	\$0			\$0	\$0	\$0
71	Renewable Generation Connection OM&A Deferral Account	1532			\$22,133	\$1,298	\$264	\$80	\$23,775	\$23,431	\$0
72	Renewable Generation Connection Funding Adder Deferral Account	1533			\$0	\$0			\$0	\$0	\$0
73	Smart Grid Capital Deferral Account	1534			\$0	\$0			\$0	\$0	\$0
74	Smart Grid OM&A Deferral Account	1535			\$0	\$0			\$0	\$0	\$0
75	Smart Grid Funding Adder Deferral Account	1536			\$0	\$0			\$0	\$0	\$0
76	Retail Cost Variance Account - STR	1548			\$11,464	\$387	\$150	\$42	\$12,042	\$11,851	\$0
77	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital ⁵	1555			\$0	-\$0			\$0	\$0	-\$0
78	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries ⁵	1555			-\$0	\$0			-\$0	\$0	\$0
79	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs ⁵	1555			-\$2,948	\$3,713	-\$35	-\$11	\$719	\$765	\$0
80	Smart Meter OM&A Variance ⁵	1556			\$0	-\$0			-\$0	\$0	\$0
	Total Principal from EDDVAR BO68 through BO80				\$630,472				\$528,366		
	Total Principal Disposition 1595 (2016) 2018 IRM Rate Generator Model 20170809 Cell BE37				-\$643,640						
	Difference in Principal amount				-\$13,168						
	LRAM Principal Adjustment shown in cell BQ65 of the EDDVAR model				-\$13,256						
	Principal Adjustment to 1595 (2014) in 2015 due to corrections to customer invoices				\$88						
					\$0						
	Total Interest from EDDVAR BP68 through BR80				-\$102,107						
	Total Interest Disposition 1595 (2016) GPI 2018 IRM Rate Generator Model 20170809 cell BJ37				\$115,274						
	Difference in Interest amount				\$13,168						
	LRAM Principal Adjustment shown in cell BQ65 of the EDDVAR model				\$13,256						
	Principal Adjustment to 1595 (2014) in 2015 due to corrections to customer invoices				-\$88						
					\$0						
	Total Disposition in 1595 (2016)				-\$528,366						

The table above is a sample of the EDDVAR model submitted in Grimsby Power's 2016 Cost of Service (COS) application. Through that application, approval was granted to dispose of Group 1 and Group 2 regulatory accounts with an approved total claim amount of \$528,366. The amount of principal approved for disposition for Group 1 and Group 2 was \$630,472 and the amount of interest approved for disposition was (\$102,107). The disposition amounts were calculated using the OEB's EDDVAR model. The last updated model was submitted May 6, 2016 titled Grimsby_IRR_EDDVAR_Continuity Schedule_CoS_v2_6_20160506.

The principal amount approved for disposition, \$630,472, is shown in the table above and highlighted in green. The amount is the result of adding cells BO68 through BO80 in the EDDVAR model. The amount entered in the 2018 IRM Rate Generator model, cell BE37, is \$643,640. The difference between the \$630,473 from the COS and the \$643,640 in cell BE37 of tab 3 Continuity Schedule is \$13,168. This amount is mostly due to an adjustment to the LRAM 1568 account in the COS application.

The approved amount of disposition from the COS for 1568 was \$11,578 in principal and \$13,753 in interest for a total claim amount of \$25,331. However, the interest amount of \$13,753, from the COS, included a principal adjustment of \$13,256 in cell BQ65 of the EDDVAR model to dispose the full amount of LRAM related to 2014 IESO finalized results. In 2016 the total amount of principal disposed for account 1568 was \$24,834 (\$11,578 + \$13,256) and a total interest amount of \$497 for a total of \$25,331.

The remaining difference of \$88 (\$13,256-\$13,168) was related to 1595 (2014). The principal balance at December 31, 2014 was (\$80,956). During 2015 there was some minor activity due to customer invoice corrections that changed the principal balance to (\$81,044). Grimsby Power disposed of the full principal amount in the GL of (\$81,044) thus reducing the principal amount in 1595 (2016) by \$88.

2 c) The above adjustments to the amount of principal disposed impacted the amount of interest disposed. Instead of disposing of \$102,107 in interest (highlighted in grey in table 1) Grimsby Power disposed of \$115,274. The difference between the approved amount in interest and the amount of interest actually disposed of is \$13,168.

In conclusion, Grimsby Power's total disposition in 2016, \$643,640 in principal and (\$115,274) in interest, is equal to the approved total claim amount of \$528,366 approved in the COS.

Question #3**Ref: Global Adjustment Work Form**

- 1) With regards to the Dec. 31 balance in Account 1588, please confirm the following, if not confirmed, please explain.
 - a) Revenues are based on actuals
 - b) Expense for commodity (charge type 101) is based on actual invoiced
 - c) Expense for GA RPP (charge type 142) is based on previous month's consumption and trued up in the subsequent year.
 - d) RPP settlement (charge type 1142- including any data used for determining the RPP/HOEP/RPP GA components of the charge type) is based on estimates and trued up in the subsequent year.
- 2) Please quantify the adjustments that would be made to true up Account 1588 to actuals (e.g. pertaining to 1c and 1d above).
- 3) Per the OEB letter titled *Guidance on the Disposition of Accounts 1588 and 1589*, dated May 23, 2017, the OEB requires distributors to complete RPP settlement true-up claims and to reflect these true-ups in the Account 1588 and 1589 balances requested for disposition. There are no adjustments to Accounts 1588 and 1589 in tab 3 *Continuity Schedule* of the IRM Rate Generator Model. Please explain why.

Grimsby Power Response

3 1.)

- a) The revenues in 1588 are based on an accrual that uses actual meter reads and applies the appropriate rates for each individual customer.
- b) Grimsby Power confirms that the expense for commodity (charge type 101) is based on the actual invoiced amount.
- c) Grimsby Power confirms that the expense for GA RPP is based on the previous month's consumption and trued up in the current or subsequent year.
- d) The RPP settlement is based on a calculation using the previous month's consumption data and trued up in the current or subsequent year.

3 2.) The true up amount related to 1c and 1d above would amount to (\$1,163.83). The true up amount related to account 1588 from the previous year (2015) and booked in the current year (2016) was \$82,159.76. This amount would be removed from 1588 current year. The true up amount related to account 1588 from the current year (2016) but booked in the subsequent year (2017) is \$80,995.93. This

amount would be added to 1588 current year. The difference between those amounts is (\$1,163.83). Please see table 2 below.

Table 2

RSVA Power Account 1588

Remove impacts to RSVA Power from prior year RPP Settlement true up booked in current year	- 82,159.76	DR to 1588 in current year related to prior year. CR in current year to remove impact
Add impacts to RSVA Power from current year RPP Settlement true up booked in subsequent year	80,995.93	DR to 1588 in subsequent year related to current year. DR in current year to add the impact
Total Change in 1588	- 1,163.83	

3 3.) The amount of the adjustment for 1589 would be (\$1,182) and the amount of the adjustment for 1588 would be (\$1,164). These amounts are immaterial and would not change the rate riders in a significant way. With the adjustments notes above the total claim amount would decrease from \$303,506 to \$301,160 and the threshold test per kWh would remain the same at \$0.0017. With the adjustment to 1589 the GA rate rider would remain the same at (\$0.0004). The deferral and variance rate riders remain the same for Residential, GS<50 and USL. The rate rider applied to GS>50 Non-WMP changes slightly from (\$0.0751) to (\$0.0774) while the other rate rider for all GS>50 customers remains the same. Furthermore, the Street Light rate class would see only a very slight rate rider reduction from \$0.6577 to \$0.6553. Grimsby Power does not believe that these changes are material in nature.

Updates to IRM Model made by OEB staff

1. Tab 20: Bill Impacts

The RRRP values for current and proposed have been set to 0.0003.

Grimsby Power Response

Grimsby Power confirms that it is in receipt of the updated bill impacts.