

**Grimsby Power Inc.
EB-2018-0035**

OEB Staff-1

Ref: Retail Transmission Service Rates Tab 3

OEB staff notes that the balance of Grimsby Power's USoA account 1584 is significant. The balance being requested for disposition is \$270,225, this balance is for the principal and interest transactions in 2017 plus forecasted interest to December 31, 2018.

Please complete the attached Excel spreadsheet and reconcile the principal portion of USoA account 1584 of \$264,097 and provide an explanation for magnitude of the account balance.

Grimsby Power Response

Grimsby Power completed the Excel spreadsheet provided (Table 1). Through the reconciliation process Grimsby Power found a difference of \$742.99 or 0.28% from the principle amount of \$264,097 submitted in the application and the reconciliation total of \$263,354.25.

The kWh consumption in the spreadsheet was calculated by taking the kWh's from Grimsby Power's 2017 RRR reporting and multiplying it by GPI's loss factor of 1.0457.

The kW demand recorded in the spreadsheet corresponds with actual billed kW for the Network charge in 2017. The kW reported in the annual RRR reporting is kW demand. The kW demand is not necessarily the same as the 7-7 demand used for the Network charge thus to have a more accurate reconciliation GPI used the billed 7-7 demand.

The kW volume and rates provided under Wholesale Transmission Network Charges table are the Network charges from IESO and Hydro One for 2017.

The total amount paid by Grimsby Power for Network charges in 2017 was \$1,546,897.11. The total amount collected from Grimsby Power customers in 2017 was \$1,283,542.87. The difference between the amount paid and collected is \$263,354.25. This corresponds with the principle amount of \$264,097.24.

Table 1

Retail Transmission Service Rates - RSVA Transmission Network Charges						
Customer Class	Unit	kWh Consumption	kW Demand	kWh Rate	kW Rate	Revenue Amount
RESIDENTIAL SERVICE CLASSIFICATION	kWh	93,371,846.05		0.0057		\$ 532,219.52
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	19,725,226.20		0.0053		\$ 104,543.70
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW		15,213.65		2.0968	\$ 31,899.98
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION-Interval	kW		152,861.49		2.1237	\$ 324,631.95
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	404,733.96		0.0053		\$ 2,145.09
STREET LIGHTING SERVICE CLASSIFICATION	kW		875.66		1.5814	\$ 1,384.77
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW		102,071.15		2.809	\$ 286,717.86
Total Revenue		<u>113,501,806.20</u>	<u>271,021.95</u>			<u>\$ 1,283,542.87</u>

Wholesale Transmission Network Charges

\$ 1,546,897.11

RSVA Transmission Charges -Principal

\$ 263,354.25

Wholesale Transmission Network Charges				
Month	kW Volume	UTR Tx-Nw	Amounts	
31-Jan-17	20,431.00	\$ 3.66	\$ 74,777.46	IESO
	12,102.92	\$ 3.1942	\$ 38,659.15	HONI
28-Feb-17	20,387.00	\$ 3.66	\$ 74,616.42	IESO
	11,576.09	\$ 3.1942	\$ 36,976.35	HONI
31-Mar-17	18,558.00	\$ 3.66	\$ 67,922.28	IESO
	11,281.44	\$ 3.1942	\$ 36,035.18	HONI
30-Apr-17	17,747.00	\$ 3.66	\$ 64,954.02	IESO
	10,887.50	\$ 3.1942	\$ 34,776.85	HONI
31-May-17	16,610.00	\$ 3.66	\$ 60,792.60	IESO
	12,850.86	\$ 3.1942	\$ 41,048.22	HONI
30-Jun-17	24,390.00	\$ 3.66	\$ 89,267.40	IESO
	16,811.52	\$ 3.1942	\$ 53,699.36	HONI
31-Jul-17	31,353.00	\$ 3.66	\$ 114,751.98	IESO
	17,059.73	\$ 3.1942	\$ 54,492.19	HONI
31-Aug-17	31,903.00	\$ 3.66	\$ 116,764.98	IESO
	18,034.46	\$ 3.1942	\$ 57,605.67	HONI
30-Sep-17	33,439.00	\$ 3.66	\$ 122,386.74	IESO
	18,916.95	\$ 3.1942	\$ 60,424.52	HONI
31-Oct-17	18,124.00	\$ 3.66	\$ 66,333.84	IESO
	12,815.64	\$ 3.1942	\$ 40,935.72	HONI
30-Nov-17	21,343.00	\$ 3.52	\$ 75,127.36	IESO
	12,443.96	\$ 3.1942	\$ 39,748.50	HONI
31-Dec-17	22,593.00	\$ 3.52	\$ 80,266.26	IESO
	13,942.17	\$ 3.1942	\$ 44,534.08	HONI
	<u>445,601.24</u>		<u>\$ 1,546,897.11</u>	

In GPI's 2017 IRM Network rates were approved to recover \$1,385,767 (Table 2) from customers to cover the cost of Network charges from IESO and Hydro One. That recovery amount was based on 117,896,361.57 kWh and 301,909 kW. In 2017 GPI only billed 113,501,806 kWh's and 271,021.95 kW. The deficiency in the number of kWh's and kW's billed impacted the amount collected from customers by \$102,224.39. Furthermore in 2017 Grimsby Power paid \$1,546,897.11 in charges from IESO and Hydro One which was \$161,129.86 more than the initial forecast amount in the 2017 IRM. The shortfall in kWh's and kW's billed and the increase in Network expense explains the amount of principle added to the 1584 account in 2017. Table 3 below shows a calculation of the principle balance based on the forecast from the 2017 IRM and actuals.

Table 2

The purpose of this table is to update the re-aligned RTS Network Rates to recover future wholesale network costs.

Rate Class	Unit	Adjusted RTSR- Network	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing	Proposed RTSR- Network
Residential Service Classification	\$/kWh	0.0057	97,410,718	0	555,323	40.0%	554,904	0.0057
General Service Less Than 50 kW Service Classification	\$/kWh	0.0053	20,103,538	0	106,565	7.7%	106,484	0.0053
General Service 50 To 4,999 kW Service Classification	\$/kW	2.0984		48,416	101,596	7.3%	101,519	2.0968
General Service 50 To 4,999 kW Service Classification- Interval	\$/kW	2.1253		129,555	275,345	19.9%	275,137	2.1237
Unmetered Scattered Load Service Classification	\$/kWh	0.0053	382,105	0	2,025	0.1%	2,024	0.0053
Street Lighting Service Classification	\$/kW	1.5826		1,989	3,148	0.2%	3,145	1.5814
Embedded Distributor Service Classification	\$/kW	2.8111		121,949	342,813	24.7%	342,554	2.8090
			117,896,362	301,909	1,386,815		\$ 1,385,767	

Table 3

Forcast Network	Actual Network	
Charge Collected	Charge Collected	Difference
2017 IRM	2017	
\$ 1,385,767.26	\$ 1,283,542.87	\$ 102,224.39
Forcast Network	Actual Network	
Charges Paid	Charge Paid	
2017 IRM	2017	
\$ 1,385,767.26	\$ 1,546,897.11	\$ 161,129.86
Total Variance		\$ 263,354.25

OEB Staff-2

Ref: LV Variance Account Tab 3

OEB staff notes that the balance of Grimsby Power’s USoA account 1550 is significant. The balance being requested for disposition is \$94,612, this balance is for the principal and interest transactions in 2017 plus forecasted interest to December 31, 2018.

Please provide an explanation for the large size of the account balance.

Grimsby Power Response

To provide an explanation of the principle amount allocated to account 1550 Grimsby Power completed a spreadsheet similar to the spreadsheet completed for OEB Staff-1. The principal amount requested for disposition for account 1550 is \$92,188.17. The table below illustrates the amount of charges collected for low voltage and the amount paid to Hydro One for low voltage.

Low Voltage Rates - Low Voltage Charges

Customer Class	Unit	kWh Consumption	kW Demand	kWh Rate	kW Rate	Revenue Amount
RESIDENTIAL SERVICE CLASSIFICATION	kWh	89,264,141.47		0.0010		\$ 89,264.14
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	18,815,505.60		0.0009		\$ 16,933.96
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW		172,417.04		0.3623	\$ 62,466.69
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	387,045.96		0.0009		\$ 348.34
STREET LIGHTING SERVICE CLASSIFICATION	kW		1,999.00		0.2657	\$ 531.13
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW					\$ -
Total Revenue		<u>108,466,693.03</u>	<u>174,416.04</u>			<u>\$ 169,544.27</u>
Low Voltage Charges						<u>\$ 261,705.54</u>
RSVA Transmission Charges -Principal						<u>\$ 92,161.27</u>

Low Voltage Charges

Month	Amounts	
31-Jan-17	\$ 19,307.25	HONI
28-Feb-17	\$ 18,058.45	HONI
31-Mar-17	\$ 17,859.68	HONI
30-Apr-17	\$ 17,410.00	HONI
31-May-17	\$ 19,872.50	HONI
30-Jun-17	\$ 25,686.31	HONI
31-Jul-17	\$ 26,050.66	HONI
31-Aug-17	\$ 27,481.46	HONI
30-Sep-17	\$ 28,776.85	HONI
31-Oct-17	\$ 20,336.45	HONI
30-Nov-17	\$ 19,275.21	HONI
31-Dec-17	\$ 21,590.72	HONI
	<u>\$ 261,705.54</u>	

The total amount paid for Low Voltage was \$92,161.27 higher than the amount collected from customers. The figure of \$92,161.27 corresponds with the principal amount of \$92,188.17.

In GPI's 2016 Cost of Service application Low Voltage charges were approved to recover \$176,186 from customers to cover the cost of Low Voltage charges from Hydro One. That recovery amount was based on 114,917,685 kWh and 184,695 kW. In 2017 GPI only billed 108,466,693 kWh's and 174,416 kW. The deficit in the number of kWh and kW's billed impacted the amount collected from customers by \$6,642.15. Furthermore in 2017 Grimsby Power paid \$261,705.54 in charges from Hydro One which was \$85,519.12 more than the initial forecast amount in the 2016 COS. The shortfall in kWh and kW billed and the increase in Low Voltage expense explains the amount of principle added to the 1550 account in 2017. Table 2 below shows a calculation of the principle balance based on the forecast from the 2016 COS and actuals.

Forecast Low Voltage Charge Collected 2016 COS	Actual Low Voltage Charge Collected 2017	Difference
\$ 176,186.42	\$ 169,544.27	\$ 6,642.15
Forecast Low Voltage Charges Paid 2016 COS	Actual Low Voltage Charge Paid 2017	
\$ 176,186.42	\$ 261,705.54	\$ 85,519.12
Total Variance		\$ 92,161.27