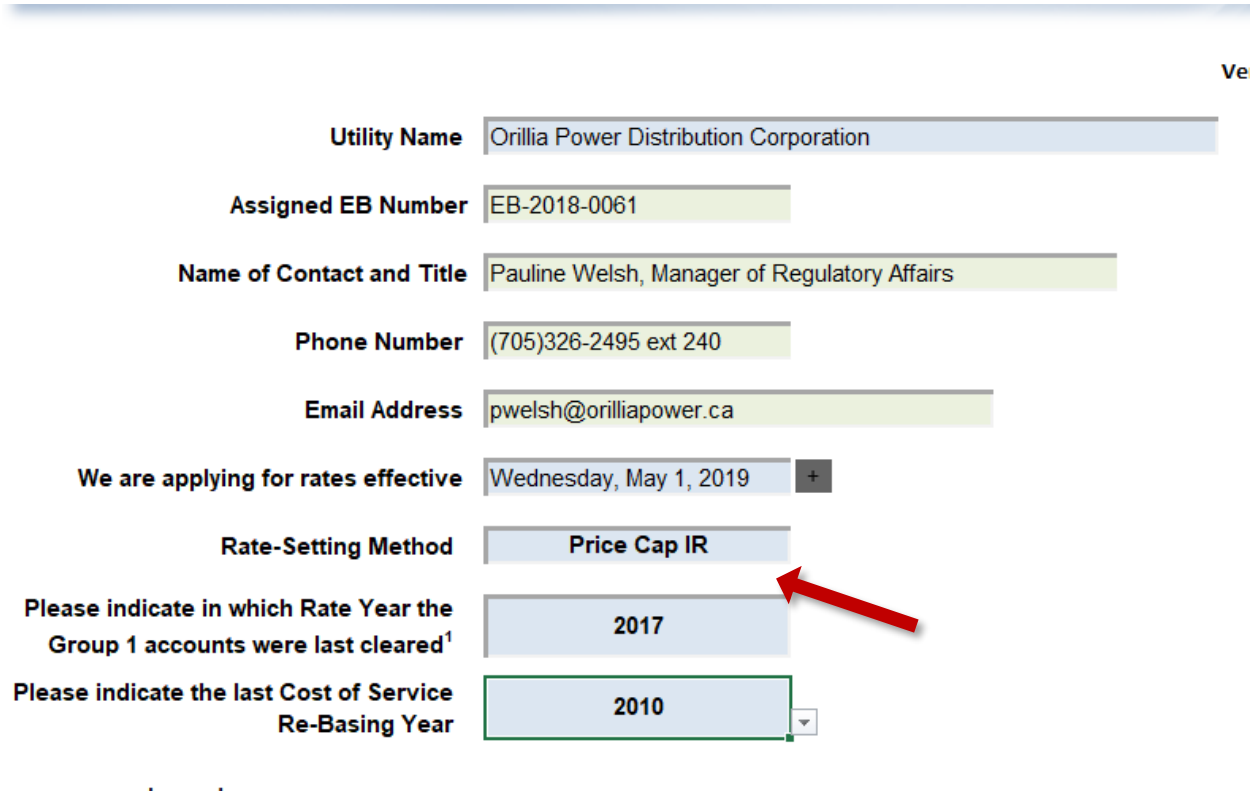
Orillia Power Distribution Corporation – 2019 Rates Application (EB-2018-0061)
Reply to OEB Staff Questions
January 25, 2019

Question # 1

Ref: IRM Model, Tab 1

In the Decision and Rate Order issued for Orillia Power's 2018 rates (EB-2017-0264), the Group 1 DVA accounts balances as of December 31, 2016 were disposed of. Therefore, the rate year associated with this disposition should be 2018. In tab 1 of the IRM model, Orillia Power selected 2017 as the rate year in which the Group 1 accounts were last cleared. Please confirm if the rate year should be corrected to 2018.

Re



Reply:

Orillia Power confirms that the rate year associated with this disposition should be corrected to 2018.

Question #2

Ref: IRM Model, Tab 3

Orillia Power is seeking disposition of approximately a credit of $109K in account 1588.

Given that any variance between the RPP revenue and the cost of energy and GA attributable to RPP customers should get settled directly with the IESO on a monthly basis, the expectation is that any remaining amounts in account 1588 would be relatively small and close to zero (primarily comprised of the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Please explain what comprises the balance in account 1588 as at December 31, 2017.

Reply:

Orillia Power is not requesting disposition of Group 1 DVA balances.

As calculated in Tab 4. Billing Det. For Def-Var in the Rate Generator model, the total of Orillia Power's Group 1 DVA balances does not meet the OEB's pre-set disposition threshold of +/- 0.001 per kWh.

A credit balance of $113,193 at December 31, 2016 ($112,757 principal plus $436 carrying charges to April 30, 2018) was approved for disposition in EB-2017-0264 for rates effective May 1, 2018. This principal and interest disposition has been included in the Continuity Schedule (Tab 3) in columns BM and BN. The balance in account 1588 as at December 31, 2017, after the disposition May 1, 2018, is a credit of $106,269 ($105,414 principal plus $855 carrying charges).

This balance is primarily comprised of the difference between amounts billed at Orillia Power's approved total loss factor (1.0561) versus actual system losses of 1.0506 in 2017.

Question #3

Ref: GA Analysis Workform, Note 4

Please confirm that the monthly consumption values populated in column F of the table represent the actual consumption billed for the particular month and that it only includes the consumption used in that specific month with no overlap with other months.

Reply:

Orillia Power bills on a calendar month basis with one-month delay. The monthly consumption values populated in column F of the GA Analysis Work form table represents the actual consumption billed for the month shown.

Question #4

Ref: Accounts 1588 and 1589 Questions

In the response provided to Question 2b, Orillia Power has indicated that it records a true-up to its monthly settlement with the IESO to reflect the actual billed kWh and final GA rate usually in the month following initial settlement, but quarterly at a minimum. In response to Question 2f, Orillia Power further indicated that in 2018 it completed its December 2017 preliminary claim, a true-up of its November 2017 preliminary claim, and a final annual true-up for the year. Orillia Power further confirms that the aforementioned settlements and true-ups were accrued in 2017 and are therefore included within the transactions during 2017 in the DVA continuity schedule.

From the above description it is not clear that a true-up of the December 2017 preliminary IESO settlement was accrued in 2017. As such, please confirm that the final annual true-up being referred to above includes the true-up of Orillia Power's December 2017 preliminary settlement claim.

Reply:

Orillia Power confirms that a true-up of the December 2017 preliminary IESO settlement claim was included in the final annual true-up that was accrued in 2017.

Question #5

Ref: Accounts 1588 and 1589 Questions

In response to Question 3a, Orillia Power references the response provided to Question 1 in order to describe the process used to split the CT 148 invoice between accounts 1588 and 1589.

The response provided to Question 1 with respect to the allocation of the CT 148 invoice between accounts 1588 and 1589 does not provide sufficient detail as to how this split is actually calculated. Please explain and include details on how the amount that goes to Account 1588 is calculated, the source of the data used, and whether the data used to perform the initial split is based on an estimate or is it actual, and what components would need to get trued-up once the actual data for the month is known.

Reply:

How the amount that goes to Account 1588 is calculated:
The following table shows the adjustment to "Higher of" revenues and costs to the associated variance accounts, 1588 and 1589. CT 148 is initially posted to Account 4707 Global Adjustment (GA) Settlement Costs. A portion of the CT 148 amount posted to Account 4707 is allocated to Account 4705 by a journal entry.

Account Number	Account Description	Opening Balance	Input Sale of Power YTD	Input Cost of Power YTD	Approved for Disposition May 1, 2017	Closing Balance
Cost of Power						
4705-01	Power Purchased - Embedded Generation			55,170.42		
4705-05	IESO Market Settlement Costs			17,496,990.17		
	Total Power Costs before adjustment			17,552,160.59		
	Adjustment to "Higher of" - Power Purchased			0.00		
Global Adjustment Costs						
4707	IESO Global Adjustment Settlement Costs			14,512,005.74		
	Total Global Adjustment Costs before adjustment			14,512,005.74		
	Adjustment to "Higher of" - GA Purchased			-102,086.86		
Sale of Power						
4006	ES-Residential		-9,796,893.85			
4030	ES-SENTLIGHTING		-20,452.79			
4035-20	ES- GS<50 kW		-3,571,647.22			
4035-25	ES- USL		-63,534.97			
4035-30	ES - GS>50 kW		-3,516,738.29			
4055-90	ES - RETAILERS		-688,307.43			
	TOTAL ENERGY SALES before adjustment		-17,657,574.55			
	Adjustment to "Higher of" - Energy Sales		105,413.96			
Global Adjustment Charges						
4035-30-2	GA - GS>50kW		-10,589,678.20			
4055-90-2	GA - RETAILERS		-3,820,240.68			
	Total Global Adjustment Charges before adjustment		-14,409,918.88			
	Adjustment to "Higher of" - GA Sales		0.00			
Deferral and Variance Accounts						
1588	RSVA_power	-241,260.59	-105,413.96		128,503.25	-218,171.30
1589	RSVA_Global Adjustment	105,613.46		102,086.86	-188,155.77	19,544.55

Journal Entry - Adjustment to "Higher of"

G/L #	Description	DR	CR
4006 to 4055	Electricity Sales	105,413.96	
4707	Global Adjustment Charges		102,086.86
1588	RSVA_power		105,413.96
1589	RSVA_Global Adjustment	102,086.86	
TOTAL		**207,500.82**	**207,500.82**

The source of the data used:

The amount allocated to Account 4705 is determined in a GA Allocation file created to calculate the GA costs associated with RPP consumption. The split is applied by monthly journal entry: Debit to Account 4705 and Credit to Account 4707. Unbilled usage multiplied by IESO 2nd estimate for the month are used to calculate the preliminary GA cost allocated to Account 4705. The following month, when billing is completed for the previous month and the IESO final GA rate is known, the GA Allocation file is updated to true-up the amount allocated to actual billed usage multiplied by IESO final GA rate. The following table shows the GA allocation using actual billing kWh and final IESO GA rate for the month of December 2017. In this table, $1,574,788 is allocated to Account 4705, leaving a balance of $947,448 in Account 4707.

GLOBAL ADJUSTMENT ALLOCATION		Dec-17
Kwh's consumed by RPP Customers		
Interval Meters (low volume and multi-unit residential)		166,983
Non-interval Meters (low volume and multi-unit residential) - RPP Tiers		1,862,994
Smart Meters - RPP TOU		15,074,269
Total RPP Customers (kWh)	A	**17,104,245**
IESO Final Global Adjustment Rate ($/kWh)	B	$0.09207
GA $'s Allocated to Account 4705	C = A x B	$1,574,788
GA $'s Allocated to Account 4707	D - C	$947,448
		2,522,236
IESO Invoice Charge Type 148 - Class B GA	D	**$2,522,236**

Question #6

Ref: Accounts 1588 and 1589 Questions

In the response provided to Question 3b, Orillia Power describes the process to true-up its initial allocation of CT 148. Please clarify when the actual data becomes available to perform the CT 148 true-up, and when the true-up would take place (i.e. in the following month, quarterly etc.).

Reply:

True-up takes place at month end in the following month when billed usage is available and the final IESO GA rate has been published.