

**RE: OEB file EB-2015-0102
St. Thomas Energy Inc. 2016 IRM
Supplemental IR**

Global Adjustment

St. Thomas is requesting a rate rider for the disposition of Global Adjustment (2015) in the amount of \$1,492,367 based on Non-RPP consumption. This represents transaction and interest amounts during the 2014 rate year. In the 2013 rate year, St. Thomas showed transactions in the amount of \$677,980.

- a) Please explain the large balance in account 1589 Global Adjustment (2015), which is over 2 times the per unit value relative to 2013 when assessed by transaction.

Response:

The difference is attributed to global adjustment revenue as GA revenue for the period ended December 31, 2014 was \$1.34 million less than what was recorded in 2013 whereas the GA expense was \$563 thousand less in 2014 as compared to 2013.

The following table provides a summary of the 2013 and 2014 GA revenue and expense.

Global Adjustment Summary			
	2013	2014	2014 Variance
Revenue	\$8,582,425	\$7,239,254	(\$1,343,171)
Expense	\$9,260,404	\$8,696,942	(\$563,462)
Variance	(\$677,980)	(\$1,457,688)	(\$779,709)

- b) Transactions in account 1589 show a debit of \$677,980 in 2013 and a debit of \$1,457,688 in 2014. Do any changes in billing patterns or settlement practices explain the increase from 2013 to 2014? Please explain any other reasons for the change in the balances.

Response:

The difference is not attributed to a change in billing patterns or settlement practices. The difference is attributed a number of factors such as decreased usage and GA price reduction in 2014 as compared to 2013 as well as two additional items, a large cancel rebill 2013 and the loss of a significant GS > 50 kW customer.

As provided in the following table the 2014 kWh billed kWh's was 10,223,442 kWh's hours less than what was billed in 2013 and the average GA rate was \$0.0035 less in 2014 as compared to 2013.

Billed KWhs Demand and Average GA Rate			
	2013	2014	2014 Variance
Usage	158,203,202	147,979,760	(10,223,442)
Average rate	\$0.0526	\$0.0491	(\$0.00350)
Revenue	\$8,321,488	\$7,265,806	(\$1,055,682)

In 2013 a rebill of a customer resulted in a one-time increase in GA revenue and in 2014 the loss of a major GS > 50 kW customer resulted in a reduction of 8,753,119 kWhs. These two items account for approximately \$727 thousand revenue variance fro 2014 to 2013.

The loss of the GS > 50 kW customer was referenced in STEI's 2015 Cost of Service Application EB-2014-0113.