

Essex Powerlines Corporation
Application Analysis (EB-2015-0005)

Ref: Tab 3 – Continuity Schedule

Please explain the adjustment of a credit of \$53,701 in Account 1595 (2010) in column AQ of the above noted reference.

Response: An internal review of the interest calculations was conducted for this account that resulted in this adjusting entry in 2014.

Ref 1: Tab 3 – Continuity Schedule

Ref 2: Tab 4 – Billing Det. for Def-Var

Ref 3: Tab 6 – Calculation of Def-Var RR

Ref 4: Tab 16 – Additional Rates

Essex Powerlines is requesting recovery of lost revenue in the amount of \$331,005. OEB staff notes following information missing in the Rate Generator Model:

- At reference 1, the amount of \$331,005 has not been entered into line 43 (i.e. Account 1568 – LRAM Variance Account).
- At reference 2, the breakdown of the LRAMVA claim in \$ has not been broken out by applicable rate class.
- At reference 3, column R has not calculated the LRAM rate rider as a result of reference 1 and reference 2 not being populated.
- At reference 4, OEB staff notes that once Essex Powerlines populates the data as noted at references 1 and 2, the rates entered at reference 4 should be removed to avoid double counting.

Please update the Rate Generator Model provided by OEB staff for the information noted above.

Response: The Rate Generator Model has been updated as per the OEB staff request.

Tab 8 – Shared Tax – Rate Rider

Please confirm if Essex Powerlines inadvertently reversed the “rebased billed customers or connections” for the GS<50 kW and GS 50 to 2,999 kW service

classifications. If the answer to the above is yes, please update the Rate Generator model provided by OEB staff.

Response: Yes, the customer connections for the GS<50 and GS>50 kw customer connections were reversed and have been updated in the revised rate generator model.

Tab 8 – Shared Tax – Rate Rider

OEB staff notes that for the GS<50 kW and Unmetered Scattered Load rate classes, a tax sharing rate rider does not generate to the fifth significant decimal place. As per Appendix B of *Chapter 3 of the Filing Requirements* which notes that in the event where the calculation of any rate rider results in a volumetric rate rider that rounds to zero at five significant digits, the entire OEB-approved amount for recovery or refund will typically be recorded in a USoA account for disposition in a future rate proceeding. Please confirm if Essex Powerlines wishes to transfer the whole tax-sharing amount to Account 1595 for future disposition.

Response: Essex confirms that the entire approved amount will not be refunded to the GS<50 kW class due to the zero amount rate rider and therefore Essex requests that the whole tax sharing refund amount for this class should be transferred to account 1595 for future disposition.

Manager’s Summary, Page 8 – Rate Design for Electricity Customers

Chapter 3 section 3.2.3 states “The OEB has established that, when assessing the combined effects of the shift to fixed rates and other bill impacts associated with changes in the cost of distribution service, a utility shall evaluate total bill impact for a residential customer at the distributor’s 10th consumption percentile.”

In order to evaluate the true bill impact for the 10th percentile (for both RPP and Non-RPP customers) excluding the effect of the Ontario Clean Energy Benefit (OCEB), Sub-Total C: Delivery \$ Change should be divided by the Total Bill on TOU.

- (a) Please confirm the Residential RPP bill impacts at the 10th percentile for Essex Powerlines are approximately 4.2%.

Response: Essex confirms that the Residential RPP bill impacts at the 10th percentile for Essex Powerlines are approximately 4.2%.

RESIDENTIAL RPP 10th Percentile									
Loss Factor		1.0602							
Consumption		kWh		364					
If Billed on a kW basis:									
Demand		kW							
		Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge		\$ 12.94	1	\$ 12.94	\$ 16.58	1	\$ 16.58	\$ 3.64	28.13%
Distribution Volumetric Rate		\$ 0.0152	364	\$ 5.53	\$ 0.0116	364	\$ 4.22	-\$ 1.31	-23.68%
Fixed Rate Rider		\$ -	-	\$ -	-\$ 0.0700	1	-\$ 0.07	-\$ 0.07	#DIV/0!
SMDR		-0.0400	1	-\$ 0.04	0.0000	1	\$ -	\$ 0.04	-100.00%
SMIRR		1.1700	1	\$ 1.17	0.0000	1	\$ -	-\$ 1.17	-100.00%
Volumetric Rate Riders		-0.0002	364	-\$ 0.07	0.0003	364	\$ 0.11	\$ 0.18	250.00%
Sub-Total A (excluding pass through)				\$ 19.53			\$ 20.84	\$ 1.31	6.72%
Line Losses on Cost of Power		\$ 0.0839	22	\$ 1.84	\$ 0.0839	22	\$ 1.84	\$ -	0.00%
Total Deferral/Variance Account Rate Riders		-0.0089	364	-\$ 3.24	-0.0023	364	-\$ 0.84	\$ 2.40	-74.16%
Low Voltage Service Charge		\$ 0.0010	364	\$ 0.36	\$ 0.0010	364	\$ 0.36	\$ -	0.00%
Smart Meter Entity Charge		\$ 0.7900	1	\$ 0.79	\$ 0.7900	1	\$ 0.79	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)				\$ 19.28			\$ 23.00	\$ 3.71	19.26%
RTSR - Network		\$ 0.0071	386	\$ 2.74	\$ 0.0054	386	\$ 2.08	-\$ 0.66	-23.94%
RTSR - Connection and/or Line and Transformation Connection		\$ 0.0034	386	\$ 1.31	\$ 0.0036	386	\$ 1.39	\$ 0.08	5.88%
Sub-Total C - Delivery (including Sub-Total B)				\$ 23.34			\$ 26.47	\$ 3.14	13.44%
Wholesale Market Service Charge (WMSC)		\$ 0.0044	386	\$ 1.70	\$ 0.0044	386	\$ 1.70	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)		\$ 0.0013	386	\$ 0.50	\$ 0.0013	386	\$ 0.50	\$ -	0.00%
Standard Supply Service Charge		\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)		\$ 0.0070	364	\$ 2.55		364	\$ -	-\$ 2.55	-100.00%
TOU - Off Peak		\$ 0.0800	233	\$ 18.64	\$ 0.0800	233	\$ 18.64	\$ -	0.00%
TOU - Mid Peak		\$ 0.1220	66	\$ 7.99	\$ 0.1220	66	\$ 7.99	\$ -	0.00%
TOU - On Peak		\$ 0.1610	66	\$ 10.55	\$ 0.1610	66	\$ 10.55	\$ -	0.00%
Total Bill on TOU (before Taxes)				\$ 65.51			\$ 66.10	\$ 0.59	0.90%
HST			13%	\$ 8.52		13%	\$ 8.59	\$ 0.08	0.90%
Total Bill (including HST)				\$ 74.03			\$ 74.69	\$ 0.66	0.90%
<i>Ontario Clean Energy Benefit ¹</i>				<i>-\$ 7.40</i>			<i>\$ 7.40</i>	<i>\$ 7.40</i>	<i>-100.00%</i>
Total Bill on TOU (including OCEB)				\$ 66.63			\$ 74.69	\$ 8.07	12.11%

(b) Please confirm the Residential Non-RPP bill impacts at the 10th percentile for Essex Powerlines are approximately 5.3%.

(c) Response: Essex confirms that that the Residential NON-RPP bill impacts at the 10th percentile for Essex Powerlines are approximately 5.3%.

			RESIDENTIAL NON RPP 10th Percentile							
Loss Factor			1.0602							
Consumption	kWh		364							
If Billed on a kW basis:										
Demand	kW									
			Current Board-Approved			Proposed			Impact	
			Rate	Volume	Charge	Rate	Volume	Charge	\$	% Change
			(\$)		(\$)	(\$)		(\$)	Change	% Change
Monthly Service Charge			\$ 12.94	1	\$ 12.94	\$ 16.58	1	\$ 16.58	\$ 3.64	28.13%
Distribution Volumetric Rate			\$ 0.0152	364	\$ 5.53	\$ 0.0116	364	\$ 4.22	-\$ 1.31	-23.68%
Fixed Rate Riders			\$ -		\$ -	-\$ 0.07	1	-\$ 0.07	-\$ 0.07	#DIV/0!
SMDR			-0.0400	1	-\$ 0.04	0.0000	1	\$ -	\$ 0.04	-100.00%
SMIRR			1.1700	1	\$ 1.17	0.0000	1	\$ -	-\$ 1.17	-100.00%
Volumetric Rate Riders			-0.0002	364	-\$ 0.07	0.0003	364	\$ 0.11	\$ 0.18	250.00%
Sub-Total A (excluding pass through)					\$ 19.53			\$ 20.84	\$ 1.31	6.72%
Line Losses on Cost of Power			\$ 0.0839	22	\$ 1.84	\$ 0.0839	22	\$ 1.84	\$ -	0.00%
Total Deferral/Variance Account Rate Riders			-0.0076	364	-\$ 2.77	0.0043	364	\$ 1.57	\$ 4.33	156.58%
Low Voltage Service Charge			\$ 0.0010	364	\$ 0.36	\$ 0.0010	364	\$ 0.36	\$ -	0.00%
Smart Meter Entity Charge			\$ 0.7900	1	\$ 0.79	\$ 0.7900	1	\$ 0.79	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)					\$ 19.76			\$ 25.40	\$ 5.64	28.56%
RTSR - Network			\$ 0.0071	386	\$ 2.74	\$ 0.0054	386	\$ 2.08	-\$ 0.66	-23.94%
RTSR - Connection and/or Line and Transformation Connection			\$ 0.0034	386	\$ 1.31	\$ 0.0036	386	\$ 1.39	\$ 0.08	5.88%
Sub-Total C - Delivery (including Sub-Total B)					\$ 23.81			\$ 28.87	\$ 5.06	21.27%
Wholesale Market Service Charge (WMSC)			\$ 0.0044	386	\$ 1.70	\$ 0.0044	386	\$ 1.70	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)			\$ 0.0013	386	\$ 0.50	\$ 0.0013	386	\$ 0.50	\$ -	0.00%
Standard Supply Service Charge			\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)			\$ 0.0070	364	\$ 2.55	\$ -	364	\$ -	-\$ 2.55	-100.00%
Non-Retailer Avg Price			\$ 0.0954	364	\$ 34.73	\$ 0.0954	364	\$ 34.73	\$ -	0.00%
Global Adjustment			\$ 0.0564	364	\$ 20.52	\$ 0.0564	364	\$ 20.52	\$ -	0.00%
					\$ -			\$ -	\$ -	
Total Bill on TOU (before Taxes)					\$ 84.05			\$ 86.57	\$ 2.52	2.99%
HST		13%			\$ 10.93		13%	\$ 11.25	\$ 0.33	2.99%
Total Bill (including HST)					\$ 94.98			\$ 97.82	\$ 2.84	2.99%
Ontario Clean Energy Benefit ¹					-\$ 9.50			\$ 9.50	\$ 9.50	-100.00%
Total Bill on TOU (including OCEB)					\$ 85.48			\$ 97.82	\$ 12.34	14.44%

Bill Impacts Model

OEB staff has confirmed the bill impact spreadsheet provided by Essex Powerlines with the following exceptions:

- The Wholesale Market Service Charge should be updated to be \$0.0036 in both the current Board-approved and proposed columns to capture the fact that the new rate will already be in effect as of January 1, 2016.

Response: Essex confirms this change has been made.

- The new OESP charge of \$0.0011 should be added in both the current Board-approved and proposed columns.

Response: Essex has inserted a line to include this charge after the Debt Retirement Charge row.

- Unmetered Scattered Load (both RPP and Non-RPP) – under the proposed volumetric rate rider line item, please provide an explanation for the \$(0.0001) rate entered. If this item is in error, please make the applicable change.

Response: The volumetric rate rider should have been recorded as \$(.00002) and has been corrected.

- Sentinel Lighting (Non-RPP) – OEB staff is unable to reconcile the rate entered in the current Board-approved column for the total deferral/variance account rate rider line item. OEB staff believes the rate entered should be \$(2.9727). If Essex Powerlines agrees, please make the applicable change. If not, please provide an explanation for the rate entered.

Response: The volumetric rate rider has been corrected to \$(2.9727).

LRAMVA

Essex Powerlines has requested approval to recovery its lost revenues from CDM programs delivered in 2013 and 2014, as well as the persisting lost revenues from programs delivered in 2011 and 2012 in 2013 and the persisting lost revenues from programs delivered in 2011, 2012 and 2013 in 2014. The total LRAMVA amount Essex Powerlines seeks to dispose of is \$331,005 including carrying charges. The lost revenues are requested to be recovered in a rate rider, which will be approved until April 1, 2017.

- (a) Please provide the live excel working sheets that were used to calculate the LRAM amounts.

Response:

Please see the attached:

- Workbook as used in the original filed evidence – Essex LRAMVA Calculation.xlsx
- Workbook reflecting the corrections and changes proposed and agreed to below – Essex LRAMVA Calculation – Proposed Update.xlsx
- Workbook including all corrections and changes requested, including the change in part f) of the next question – Essex LRAMVA Calculation – All Updates.xlsx.

Ref: Elenchus Verification Report, Input Tables One and Two

Ref: Section 3, Appendices, Section 3.1, Appendix 1, IESO Final Verified Annual CDM Report, Table 4 and Table 5

As outlined in Tables 4 & 5 of the IESO's Final Verified Annual Report, the CDM savings (both kWh and kW) from each year have their own particular persistence factors that provide the amount of savings applicable to future years. The final CDM results Essex Powerlines has used to calculate its LRAMVA amounts do not appear to be adjusted to reflect these persistence amounts.

- (a) Please discuss the persistence rates Essex Powerlines has used in determining the appropriate energy and peak demand savings eligible to be included in the lost revenue calculation in 2013 and 2014 from programs delivered in prior years.
- (b) Please provide any supporting documentation from the IESO that confirms Essex Powerlines should be applying a 100% persistence factor to all prior year savings.
- (c) Please reconcile your responses to (a) and (b) above with Table 4 and Table 5 of the IESO's Final Results Report which outline the persistence factors to determine the level of savings in future years.
- (d) Please discuss why Essex Powerlines has included the full persisting amount of peak demand (kW) savings from prior year demand response programs in its calculation of 2013 and 2014 lost revenues.
- (e) Please reconcile your response to (d) above with the IESO's statement included in its Final Results Report that "demand response resources persist for 1 year (Scenario 1)."
- (f) Provide updated 2013 and 2014 LRAMVA amounts using the persistence rates for prior year savings from Table 4 and Table 5 of the IESO Final Report.

Response:

- (a) Elenchus has assumed 100% persistence for programs other than Demand Response 3. Demand Response 3 is assumed to only have savings in the current year.
- b) Elenchus was guided by Essex Powerlines' 2011-2012 LRAMVA claim in which a 100% persistence factor was assumed for 2011 program savings persisting into 2012. This claim was made as part of their application for 2014

rates, EB-2013-0128, and was approved in the Decision and Rate Order dated March 13, 2014. Page 7 of this Decision referenced the persisting savings describing the LRAMVA claim as a “claim of \$109,212 consisting of lost revenues from 2011 CDM programs delivered in 2011 and persistence of 2011 programs in 2012 and lost revenues in 2012 from 2012 CDM programs.” On the same page, the Decision concluded: “The Board approves the LRAMVA claim as submitted.”

(b) Elenchus has assumed that the declining persistence, most evident in the first year after the program year was due to the end of savings in Demand Response programs, and has struggled to produce reasonable persistence factors given the level of precision provided in the persisting savings in Tables 4 and 5 IESO’s Final Results Report.

Please see the updated workbook including Addendum 1 where persistence factors are calculated based on persisting savings in Table 4 and Table 5 after the removal of Demand Response programs (which are assumed to have 0 persistence).

In all cases of Demand savings, and for Energy savings from programs delivered in 2011 and 2012, the persistence is within the rounding error of the data in the IESO report of 100%.

(c) Persisting savings from Demand Response programs were included in error.

(d) As stated in part d) this was in error.

(e) Please see the alternate workbook including use of the persistence factors calculated in Addendum 1 as outlined in part c) of this question. Given the margin of error in these persistence factors, and given the anticipated variability in persistence from program to program, it is not clear that the use of this information would result in a more accurate LRAMVA calculation.

Ref: Elenchus Verification Report, Input Table One

It appears that Essex Powerlines has included both energy and demand savings from the Demand Response 3 program in the calculation of lost revenues.

- (a) Please discuss how Essex Powerlines has divided of savings from the Demand Response 3 program between its GS<50 kW and GS>50 kW rate classifications.
- (b) Please provide the percentage of savings attributed to the GS<50 kW and GS>50 kW rate classes from the Demand Response 3 program (and any others that shared program savings).
- (c) Please discuss why Essex Powerlines' feels it is appropriate to claim both kWh and kW savings from its Demand Response 3 program for the GS<50 kW and GS>50 kW rate classes. Please discuss in your response how claiming both kWh and kW savings is consistent with the rates applicable to customers in these classes.
- (d) Please provide an updated LRAMVA amount that only accounts for savings from the Demand Response 3 program in the year those savings were first realized, consistent with the IESO's Scenario 1. For example, kW savings from 2013 Demand Response programs should only be used when calculating 2013 lost revenues. Similarly, 2014 savings from Demand Response programs should only be used when calculation 2014 lost revenues. Also, please in the updated LRAMVA amount, please include only those savings (kWh or kW) that are consistent with the rates applicable to the GS<50 kW and GS>50 kW rate classes.

Response:

- (a) The savings from all Business Programs, including 100% of Demand Response 3 categorized as a Business Program is attributed to GS < 50. The savings from all Industrial Programs, including 100% of Demand Response 3 categorized as Industrial Programs is attributed to GS > 50.
- (b) Please see the response to part a)
- (c) The Business Program and Industrial Program Demand Response 3 programs as explained in part a) are distinct program savings. Therefore, this does not result in a double count. Savings attributed to GS < 50 customers are measured in kWh, and savings attributed to GS > 50 customers are measured in kW to align with the billing metrics in each class.
- (d) Please see the updated LRAMVA calculation. The inclusion of prior year LRAMVA savings was in error.

Ref: Elenchus Verification Report, Section 2, Input Table One

Elenchus notes that the LRAMVA amount includes adjustments to previous year's savings totals.

- (a) Please explain the difference between “adjustments” versus “previous year adjustments” shown throughout Input Table One. Please discuss the rationale for treating these adjustments differently.
- (b) Please discuss why adjustments to 2013 results have been included under the 2014 savings amount column in Input Table One. Please provide a revised Input Table One with adjustments to 2013 results included in the 2013 savings column.

Response

- (a) The terms “Adjustment” and “previous year adjustments” were used interchangeably. There was no intention of different treatment based on the term used. The table has been updated to use only the term “Adjustment”
- (b) Had Essex filed for a 2013 LRAMVA in 2014 to be included in their 2015 application these adjustments would not have been applied to their 2013 LRAMVA amount. The omission of adjustments to 2013 results was intended to provide consistent results with respect to the timing of the application. Please see the revised model which includes 2013 adjustments to 2013 savings.

Ref: Elenchus Verification Report, Section 2, Output Table One

Elenchus has provided the LRAMVA calculations for 2013 and 2014 and provided the savings amounts and distribution rates used in the calculation.

- (a) Please reference the approved distribution volumetric rates used for 2013 and 2014 and include the OEB file number (e.g., EB-20XX-XXXX) and the Effective and Implementation Date listed on the Tariff of Rates and Charges form approved each year.

Response:

- (a) The 2013 rates were set in proceeding EB-2012-0123, effective May 1, 2013
The 2014 rates were set in proceeding EB-2013-0128, effective May 1, 2014

