

Niagara-on-the-Lake Hydro Inc.
Application Analysis (EB-2016-0095)

NOTL Responses

Question 1

Tab 3 – 2015 Continuity Schedule

Please explain the debit amount of \$681,728 in column AU for Account 1595 (2014).

- *The 1595 (2014) principal amount of \$681,728 in Cell AU35 comes from the approved Settlement for NOTL's 2014 cost of service application (EB-2013-0155).*
- *The Board approved a credit amount of (\$681,728) as the total principal claim for Group 1, Group 2, 1592 and 1568 accounts combined (i.e. not just Group 1).*
- *This amount can be found in Cell CL75 in Sheet 2 of the following file in the web-drawer:*

EB-2013-0155



NOTL_2014_EDDVAR_20140409

Draft Rate Order

Wednesday, April 09, 2014

- *On May 1, 2014, this credit balance was transferred from these Group 1, Group 2, 1592 and 1568 accounts to the 1595 (2014) account.*
- *Thus, the entries in the 1595 (2014) account in 2014 were:*
 - *Opening balance* *nil*
 - *Rate rider transactions* *347, 539*
 - *Transfer per above* *(681,728)*
 - *Closing balance* *(334,189)*

OEB Staff notes the total of Group 1 principle balances in 2014 as a credit of \$950,883.

- *NOTL agrees with this noted Group 1 only total, which varies from the total of \$681,728 for the reason explained above.*

Question 2

Please explain the adjustment in 2013 (columns AL and AQ) to Account 1595 (2009) in the amount of \$7429 (both principle and interest)

- *In 2013, over-recoveries occurred through rate riders for 1595 (2009) in the amount of \$7429, which would have resulted in a credit balance of (\$7429) in the principal sub-account.*

- **NOTL's interpretation at the time of the OEB's Accounting FAQ #6 issued in October, 2009, was that this over-recovery should be recorded in the interest sub-account. Hence, the adjustments referred to in the question were made.**
- **These same adjustments were included in the continuity schedules in the 2015 and 2016 IRM rate models, which were accepted in the Board's approval of 2015 and 2016 rates.**

Question 3

OEB staff notes Niagara- on-the-Lake Hydro has been putting Account 1595 as an offset but in 2013 it did not, please explain.

- **NOTL inadvertently keyed in cell AJ34 the entire net change of \$139,950 for 1595 (2013) in the year 2013. This change comprises the following and should have been keyed in accordingly:**
 - **Transactions during 2013** **332,281**
 - **OEB approved disposition** **(192,331)**
 - **Net change** **139,950**
- **A similar error was made for interest.**
- **The IRM model has been updated to reflect these corrections (and to reflect the LRAMVA adjustment per Question 9). The updated entries are shown below:**

		2013									
Account Descriptions	Account Number	Transactions' Debit/ (Credit) during 2013	OEB-Approved Disposition during 2013	Principal Adjustments' during 2013	Closing Principal Balance as of Dec 31, 2013	Opening Interest Amounts as of Jan 1, 2013	Interest Jan 1 to Dec 31, 2013	OEB-Approved Disposition during 2013	Interest Adjustments' during 2013	Closing Interest Amounts as of Dec 31, 2013	
Group 1 Accounts											
LV Variance Account	1550				0	0					
Smart Metering Entity Charge Variance Account	1551	4,098			4,098	0	11				
RSVA - Wholesale Market Service Charge	1580	(199,312)	(564,693)		(513,207)	(17,817)	(9,792)	(18,360)		(9,256)	
Variance WMS - Sub-account CBR Class A	1580				0	0					
Variance WMS - Sub-account CBR Class B	1580				0	0					
RSVA - Retail Transmission Network Charge	1584	58,458	12,838		151,387	510	1,811	(88)		2,209	
RSVA - Retail Transmission Connection Charge	1586	(3,001)	(73,231)		1,259	(2,411)	(448)	(2,743)		(1,893)	
RSVA - Power	1588	157,781	556,870		(433,581)	6,625	(3,539)	15,082		(11,943)	
RSVA - Global Adjustment	1589	(531,256)	423,287		(694,641)	6,564	(694)	10,358		(4,489)	
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴	1595	(12,414)	0	7,429	0	18,426	9		(7,429)	11,006	
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁴	1595	0	(22,790)		0	(3,329)	(127)	(3,456)		(4,785)	
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁴	1595	20	0		20,563	170	302			475	
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁴	1595	107,406	0		(47,709)	(28,415)	(1,297)			(29,711)	
Disposition and Recovery/Refund of Regulatory Balances (2013) ⁴	1595	(192,331)	(332,281)		139,950	0	2,099	(793)		2,895	
Disposition and Recovery/Refund of Regulatory Balances (2014) ⁴	1595				0	0					
Disposition and Recovery/Refund of Regulatory Balances (2015) ⁴	1595				0	0					
<i>Not to be disposed of unless rate rider has expired and balance has been audited</i>											
RSVA - Global Adjustment	1589	(531,256)	423,287	0	(694,641)	6,564	(694)	10,358	0	(4,489)	
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(79,294)	(423,287)	7,429	(677,239)	(26,240)	(10,971)	(10,358)	(7,429)	(34,501)	
Total Group 1 Balance		(610,551)	0	7,429	(1,371,880)	(19,676)	(11,666)	0	(7,429)	(38,777)	
LRAMVA Variance Account (only input amounts if applying for disposition of this account)	1568				37,193	0				352	
Total Line Item Account	1568	(610,551)	0	7,429	(1,334,687)	(19,676)	(11,666)	0	(7,429)	(38,425)	

Question 4

OEB staff notes non-zero variances in column BV. Please explain why these values are non-zero.

- **Cell BV23**
 - *This non-zero value mainly results from the following NOD-related adjustments that were not in the audited 2015 balances:*
 - *in cell BF23 - a debit of \$10,824 principal as shown on Page 46, line 6 of the Manager's Summary*
 - *in cell BK23- a debit value of \$10 as a result of the NOD principal adjustment above.*
 - *Also part of this non-zero value is a debit amount of \$56,879, which results from the pre-populated, locked values entered in cells BU23 and BU25 by OEB staff. Cell BU23 includes the sub-account value in BU25. Whereas, in columns BG and BL, NOTL has entered in row 23 the 1580 balances excluding the 1580 sub-account CBR Class B values in row 25. NOTL did this to avoid double counting of the 1580 sub-account CBR Class B value in the claim in column BT.*
- **Cell BV28**
 - *This non-zero value results from the following NOD-related adjustments that were not in the audited 2015 balance:*
 - *in cell BF28 - a credit of (\$35,791) principal as shown on Page 46, line 7 of the Manager's Summary*
 - *in cell BK28- a credit value of (\$33) as a result of the NOD principal adjustment above.*
- **Cell BV29**
 - *This non-zero value results from the following NOD-related adjustments that were not in the audited 2015 balances:*
 - *in cell BF29 - a credit of (\$435,411) principal as shown on Page 46, line 8 of the Manager's Summary*
 - *in cell BK29- a credit value of (\$399) as a result of the NOD principal adjustment above.*
- **Cell BV 42**
 - *This non-zero value results from the entries made in Cells BF42 and BK42 to reflect correctly in cell BT42 the claim amount calculated in the LRAMVA model, Tab 1, cell K44. These entries had not been posted in the 2015 audited financials.*

Question 5

Tab 4 - Billing Det. for Def-Var

OEB staff is unable to reconcile the figure entered in Column F (Metered kW for Non-RPP Customers) for General Service 50 to 4,999 kW Service Classification with the reported RRR values for Total Consumption. OEB staff believes the figure should be 145,757 kW. Could Niagara-on-the-Lake Hydro please clarify the reason for the discrepancy?

- *NOTL believes there is no discrepancy and the figure in Cell F19 of 198,494 kW reconciles with the RRR and is correct, as follows:*
 - *RRR 2.1.5 Table 1 SSS not on RPP* 145,757
 - *RRR 2.1.5 Table 2b Retailer Customers* 52,737
 - *Total GS >50kW non-RPP* 198,494

Question 6

Tab 10 – RTSR Current Rates

Please explain Niagara-on-the-Lake Hydro's reasoning for modifying its data to be on "7-7" demand. Has Niagara-on-the-Lake Hydro adjusted its billing data to this effect in previous applications filed?

- *With the opening of the electricity market, "time of use" Transmission Network and Connection rates for GS > 50kW customers with interval meters and "non-time-of-use" rates for GS > 50kW customers without interval meters were approved by the OEB and introduced, effective May 1, 2002. The "time of use" rates were billed on peak kW demand between 07:00 and 19:00 hours on non-holiday weekdays.*
- *Interval meter customers have had such "time of use" rates approved by the OEB every year since 2002. NOTL has used "7-7" demand billing data for interval meter customers in all the applications filed, and NOTL has billed interval meter customers each year in this fashion.*
- *The demand data in Tab 10 reflects this ongoing rate structure.*

Question 7

Manager's Summary, Page 45 – 1580 Retail Settlement Variance Account

Please confirm that Niagara-on-the-Lake Hydro's audited balances as at December 31, 2015 are based on the principle balances excluding this adjustment.

- *As mentioned in the answer to Question 4 above, NOTL confirms that the audited balances as at December 31, 2015 are based on the principal balances excluding this adjustment and the other NOD adjustments to accounts 1588 and 1589.*

Question 8

Upon acceptance by the IESO, please explain Niagara-on-the-Lake Hydro's position of making these adjustments to 2015 balances as opposed to 2016, given that the adjustment is not final as of yet.

- *NOTL wishes to handle the NOD adjustments in a way that is to the benefit of customers:*
 - *The effect of making the NOD adjustments to 2015 balances is to reduce the total 2017 IRM claim by \$460,377 plus interest effects, as per Table 4.3 on Page 46 of the Manager's Summary.*
 - *If the NOD adjustment becomes final, customers have avoided unnecessary payments through rate riders of this amount.*
 - *If the NOD is not accepted or is reduced, NOTL is prepared to defer collection of the adjusted amount through 2018 IRM rate riders.*

Question 9

LRAM Variance Account - Tab "1. LRAMVA Summary" of Niagara-on-the-Lake Hydro LRAMVA Work Form

As part of its 2014 cost of service application (EB-2013-0155), Niagara-on-the-Lake Hydro received approval of \$26,936 in lost revenues related to 2011 and 2012 CDM programs.

The LRAMVA work form is structured so that all entries are used in various related calculations. By including previously approved amounts, the current LRAMVA balance has been affected and an additional amount of approximately \$2,650 has been incorrectly calculated.

- a) Please update the LRAMVA work form by removing the 2011 and 2012 LRAMVA amounts in Tab 1.
 - b) Please update the IRM Rate Model to include the updated LRAMVA balance and confirm the revised LRAMVA rate riders.
- *NOTL's understanding of the issue raised with the LRAMVA work form is that lost revenues related to 2011 and 2012 programs were dealt with in a final*

manner in the 2014 cost of service application. Thus, any difference between what was approved then and the 2011 and 2012 actuals as calculated in Tab 4 now are not relevant and not claimable.

- The 2014 CoS approved amount was \$26,935. The total actual 2011 and 2012 as calculated in Tab 4 was \$29,587. The difference is \$2,652, referred to as approximately \$2,650 in the OEB staff question.
- Regarding updates:
 - a)
 - The LRAMVA workform has been updated by removing the 2011 and 2012 actuals and approved amounts as indicated in pink below:

Table 1. Annual and Total LRAMVA by Rate Class

Description	Residential	General Service <50 kW	Street Lighting	Unmetered Scattered Load	General Service 50 - 4,999 kW	Total
2011 Forecast	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2011 Actuals						\$0.00
Amount Cleared						\$0.00
2012 Forecast	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2012 Actuals						\$0.00
Amount Cleared						\$0.00
2013 Forecast	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2013 Actuals	\$5,820.25	\$18,068.69	\$0.00	\$0.00	\$4,618.20	\$28,507.13
Amount Cleared						\$0.00
2014 Forecast	(\$13,179.54)	(\$6,886.58)	(\$1,337.03)	(\$34.72)	(\$6,955.09)	(\$28,392.96)
2014 Actuals	\$9,257.32	\$21,298.75	\$0.00	\$0.00	\$5,706.83	\$36,262.89
Amount Cleared						\$0.00
2015 Forecast	(\$13,214.13)	(\$6,430.01)	(\$1,514.77)	(\$22.33)	(\$6,534.69)	(\$27,715.93)
2015 Actuals	\$12,806.55	\$23,213.58	\$0.00	\$0.00	\$12,107.25	\$48,127.38
Amount Cleared						\$0.00
Carrying Charges to Dec 2015	\$118.89	\$957.69	(\$32.71)	(\$0.76)	\$159.30	\$1,202.42
Total LRAMVA Balance to Dec 2015	\$1,609.35	\$50,222.12	(\$2,884.51)	(\$57.82)	\$9,101.79	\$57,990.94
Class Proportions	2.8%	86.6%	-5.0%	-0.1%	15.7%	100.0%
Interest Jan 1, 2016 to Dec 31, 2016	\$17	\$541	(\$31)	(\$1)	\$98	\$625
Interest Jan 1, 2016 to Apr 30 2017	\$6	\$180	(\$10)	(\$0)	\$33	\$208
Total Claim	\$1,632	\$50,943	(\$2,926)	(\$59)	\$9,233	\$58,824
					Per IRM Model Sheet 3, Continuity Schedule	\$58,824
					Checksum	\$0

- b)
 - the IRM model has been updated to reflect the response to Question 3 and to include the updated LRAM total claim of \$58,824.

		BT
Balances		
Account Descriptions	Account Number	Total Claim
Group 1 Accounts		
LV Variance Account	1550	0.00
Smart Metering Entity Charge Variance Account	1551	(2,590.30)
RSVA - Wholesale Market Service Charge	1580	(460,858.50)
Variance WMS – Sub-account CBR Class A	1580	<input type="checkbox"/> Check to Dispose of Account (Disabled) 0
Variance WMS – Sub-account CBR Class B	1580	<input checked="" type="checkbox"/> Check to Dispose of Account 57,710
RSVA - Retail Transmission Network Charge	1584	(4,068)
RSVA - Retail Transmission Connection Charge	1586	4,719
RSVA - Power	1588	29,004
RSVA - Global Adjustment	1589	6,529
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account 30
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account (163)
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account (465)
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account 53
Disposition and Recovery/Refund of Regulatory Balances (2013) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account 77
Disposition and Recovery/Refund of Regulatory Balances (2014) ⁴	1595	<input checked="" type="checkbox"/> Check to Dispose of Account 44,670
Disposition and Recovery/Refund of Regulatory Balances (2015) ⁴	1595	<input type="checkbox"/> Check to Dispose of Account 0
<i>Not to be disposed of unless rate rider has expired and balance has been audited</i>	1595	
RSVA - Global Adjustment	1589	6,529.32
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(331,881.77)
Total Group 1 Balance		(325,352.45)
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568	58,823.84
Total including Account 1568		(266,528.61)

- *The revised LRAM rate riders are as per Sheet 7, Column K of the updated IRM model:*

Rate Class	Unit	Account 1568 Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$0.0000
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION	kWh	\$0.0012
GENERAL SERVICE 50 TO 4,999 kW SERVICE CLASSIFICATION	kW	\$0.0438
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	(\$0.0002)
STREET LIGHTING SERVICE CLASSIFICATION	kW	(\$1.0423)

Question 10

Manager's Summary, Page 69&70 – Bill Impacts

OEB staff has investigated the potential issue raised with the model. The GA rate rider for the proposed period (2017) has a separate line in the bill impact table as it is not included in the DVA rate riders (as is the case for the current period); consequently the manual entry of the GA rate rider is redundant.

- **NOTL stands by its argument that the manual entry is not redundant. To illustrate, the Table below focuses on the current/proposed total variance account rate riders and GA rate riders for the GS > 50kW rate class.**
- **The upper part of the Table shows how the continuing GA rate rider of \$2.4888 from 2016 is reflected in the proposed rates by manually entering it into cell I202 of the bill impacts sheet. It could have been entered into cell I203 instead, but because it was in the DVA rate rider number in the current rates, NOTL chose to keep it in the same rate item for the proposed rates.**
- **The lower part of the Table shows how the model straight from the OEB did not reflect the fact that the \$2.4888 GA rate rider from 2016 continues in 2017.**
- **In summary, NOTL agrees that “The GA rate rider for the proposed period (2017) has a separate line in the bill impact table as it is not included in the DVA rate riders (as is the case for the current period”, but the issue is that the OEB model does not reflect that the GA rate rider for the current period (2016) continues for a 2nd year into the proposed period, i.e. until April 30, 2018.**

SHOULD BE - as per application	Current OEB Approved	Proposed	Current OEB Approved		Proposed	
			Total Variance Account Rate Riders	GA Rate Riders	Total Variance Account Rate Riders	GA Rate Riders
			Cell F202	Cell F203	Cell I202	Cell I203
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$ (1.3821)	N/A	\$ (1.3821)		Entered manually into cell I202	
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$ 2.4888	\$ 2.4888	\$ 2.4888		\$ 2.4888	
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	N/A	\$ 0.0001				\$ 0.0001
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018		\$ (0.6028)			\$ (0.6028)	
			\$ 1.1067	\$ -	\$ 1.8860	\$ 0.0001

OEB MODEL without manual entry in Cell I202	Current OEB Approved	Proposed	Current OEB Approved		Proposed	
			Total Variance Account Rate Riders	GA Rate Riders	Total Variance Account Rate Riders	GA Rate Riders
			Cell F202	Cell F203	Cell I202	Cell I203
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$ (1.3821)	N/A	\$ (1.3821)			
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$ 2.4888	\$ 2.4888	\$ 2.4888		Missing if no manual entry is made	
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	N/A	\$ 0.0001				\$ 0.0001
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018		\$ (0.6028)			\$ (0.6028)	
			\$ 1.1067	\$ -	\$ (0.6028)	\$ 0.0001

~ END ~