

Festival – Staff LRAMVA Questions

Staff-1

Ref: Application, pages 7-8

LRAMVA Work Form, Tab 1, Table 1-b

For the 2016 LRAMVA balance:

- a. In Festival Hydro's LRAMVA application, it is seeking approval of a debit balance of \$205,628 effective January 1, 2018. In the LRAMVA work form submitted by Festival Hydro, a debit balance of \$334,903 has been calculated. Please confirm the amount being claimed.

RESPONSE:

Festival has revised the Rate generator model and the LRAM workform. The amount being claimed for 2016 is \$199,449.

- b. Please confirm that the 2016 LRAMVA is based on final IESO verified savings results.

RESPONSE:

Confirmed.

- c. At page 8 of the application, Festival has confirmed that an adjustment of \$140,032 was included for approval effective January 1, 2018.
 - ii. Please confirm whether or not the adjustment is included in the 2016 LRAMVA balance via completion of Tab 5 of the LRAMVA work form.

RESPONSE:

Confirmed – the adjustment is included in the 2016 claim.

- iii. If not, please clarify how the adjustment is included in the total claim.

RESPONSE:

N/A

- d. In Tab 1 of the LRAMVA work form, please clarify what the adjustment of \$346.08 relates to and why this amount is included in the 2016 LRAMVA balance. In particular, please explain what cells H69 and I69 in Tab 1 of the LRAMVA work form pertain to.
 - i. Can Festival please confirm why it is appropriate to include the adjustment of \$346.08 in Tab 1 of the LRAMVA work form? In your response, please confirm that there are no retroactive claims being made to the current filed LRAMVA amount. Staff notes that Festival has been approved of lost revenues up to 2015 CDM programs in the last IRM rates application.

RESPONSE:

Festival has removed the \$346 interest adjustment and the amount being claimed agrees to the LRAMVA work form.

- ii. If Festival believes it is appropriate to claim this adjustment of \$346.08, please clarify whether there is another way the “adjustment” can be recovered without affecting the LRAMVA work form? In Staff’s view, it appears to be inappropriate that the LRAMVA work form is capturing adjustments due to timing differences in the entry in the GL and the amount in carrying charges from 2016 to 2017. Please confirm.

RESPONSE:

N/A

- e. At page 8 of the application, projected interest of \$2,210 is requested to be approved in the 2016 LRAMVA claim.
 - i. Please confirm whether \$2,210 in carrying charges is proposed to be claimed as part of the LRAMVA disposition.

RESPONSE:

Festival has updated the amount to \$2,353. Festival confirms it is to be claimed as part of the LRAMVA disposition.

- ii. Please confirm the period of the interest amounts collected on this amount and the interest rate used.

RESPONSE:

The projected interest is intended to cover the period January 1, 2017 – December 31, 2017. Festival calculated the interest on the ending principal balance at 12/31/16 utilizing the approved interest rate of 1.1% until the end of Q3 2017 and then the approved interest rate of 1.5% for the final quarter of 2017. There is a formula included in the continuity schedule of the rate generator model that shows the calculation.

- iii. Please confirm the carrying charges amount for the 2016 year in the LRAMVA, with the 2011-2015 amounts removed from Table 1-b of the LRAMVA work form. Please revise Tab 6 as appropriate.

RESPONSE:

Interest included in the LRAM model for 2016 is \$989. Tab 6 has been updated.

For the 2014 amount added to the LRAMVA total:

- f. At page 8 of the application, it shows that a remaining balance of \$10,335 from 2014 is requested to be claimed.
 - i. Please discuss how a remaining balance from 2014 is created and why it is proposed to be recovered in account 1568 with the 2016 LRAMVA disposition.

RESPONSE:

As per our phone conversation, the amount remaining in 2014 is a function of the rate rider being based on variable usage. We have therefore under collected the balance owing by this amount. Also, as discussed, this balance has been moved from the 1568 claim into the claim for recovery in 1595.

- g. As noted in Tab 1 of the LRAMVA work form, amounts that are previously approved should not be included in the form. Please discuss the appropriateness of including the 2011 to 2015 LRAMVA amounts in Table 1-b of the LRAMVA work form.

RESPONSE:

They have been removed.

Staff-2 (revised)

Ref: 2015 COS Appendix 2-I (excel)

LRAMVA Work Form, Tabs 2 and 5

Pre-amble

In the 2015 COS Appendix 2-I, a manual adjustment of 4,960,075 kWh and an LRAMVA threshold of 4,320,150 kWh were approved in 2015. In the LRAMVA work form, it appears that forecast savings were based on the manual adjustment rather than the approved LRAMVA threshold.

In the 2018 application, Festival notes that the 2015 COS load forecast reflects the full impact of 2011-2014 results. **In Appendix 2-I in the 2015 COS, it shows that 2011 to 2013 impacts were fully incorporated in the 2014 load forecast. On pages 99 and 100 of 104 of Festival's Settlement Agreement, it appears as if 2011-2014 persisting program savings have been embedded in 2015 rates.**

Weight Factor for Inclusion in CDM Adjustment to 2014 Load Forecast

	2011	2012	2013	2014	2015	
Weight Factor for each year's CDM program impact on 2014 load forecast	0	0	0	1	0.5	Distributor can select "0", "0.5", or "1" from drop-down list
Default Value selection rationale.	Full year persistence of 2011 CDM programs on 2015 load forecast. Full impact assumed because of 50% impact in 2011 (first year) but full year persistence impact on 2012 and 2013, and thus reflected in base forecast before the CDM adjustment.	Full year persistence of 2012 CDM programs on 2015 load forecast. Full impact assumed because of 50% impact in 2012 (first year) but full year persistence impact on 2013, and thus reflected in base forecast before the CDM adjustment.	Default is 0, but one option is for full year impact of persistence of 2013 CDM programs on 2015 load forecast, but 50% impact in base forecast (first year impact of 2013 CDM programs on 2013 load forecast, which is part of the data for the load forecast.	Full year impact of persistence of 2014 programs on 2015 load forecast. 2014 CDM programs not in base forecast.	Only 50% of 2015 CDM programs are assumed to impact the 2015 load forecast based on the "half-year" rule.	

	2011	2012	2013	2014 kWh	2015	Total for 2014	Total for 2015
Amount used for CDM threshold for LRAMVA (2014)	2,155,000.00	6,422,000.00	2,793,000.00	2,800,000.00		14,169,000.00	
2011 CDM adjustment (per Board Decision in 2011 Cost of Service Application) (enter as negative)	- 8,000.00	- 8,000.00	- 8,000.00	- 8,000.00		- 32,000.00	
Amount used for CDM threshold for LRAMVA (2015)					4,320,150.00		4,320,150.00
Manual Adjustment for 2015 Load Forecast (collected base)				2,800,000.00	2,100,000.00		4,900,000.00
Proposed Loss Factor (TLF)	2.91%	Format: X.XX%					
Manual Adjustment for 2015 Load Forecast (system purchased base)				2,841,480.00	2,132,993.18		5,104,473.18

Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g)). The Weight factor is also used to calculate the impact of each year's program on the CDM adjustment to the 2014 load forecast.

In the LRAMVA work form, Festival has proposed to claim the persistence of savings from 2011 to 2014 in 2016. Given what is shown in Appendix 2-1, it appears to Staff that the persisting savings from 2011 to 2013 CDM programs in 2016 have been included in the 2015 load forecast, and should not be included in the LRAMVA.

- a. Please confirm that the threshold of 4,320,150 kWh should be used. If Festival agrees a change is required, please update Tab 2 as appropriate. **Please provide a reference source of the breakdown of the LRAMVA threshold used.**

RESPONSE:

Tab 2 has been adjusted to reflect the \$4.3M vs. the \$4.9M in the LRAMVA model. The breakdown is as per the adjustment provided in the settlement agreement for the \$4.9M. If there is a more accurate way to allocate this, please let me know.

	kwh	kw	CDM Forecast - kWh		2015 CDM Forecast	CDM Forecast - kW
Residential	140,396,363		1,178,196	24%	1,026,190.62	-
GS<50	64,120,602		536,664	11%	467,426.10	-
GS>50	361,168,299	942,723	3,018,894	61%	2,629,410.30	7,880
Large Use	22,711,894	35,166	185,150	4%	161,262.81	287
USL	657,094		5,068	0%	4,414.15	-
Sentinel	149,276	353	1,151	0%	1,002.50	2
Street	4,532,631	11,925	34,953	1%	30,443.53	92
Agrees to settlement proposal	593,736,159	990,167	4,960,076		4,320,150.00	8,261

- b. Based on the tables in the Settlement Agreement and Appendix 2-I, it is not clear to Staff what actual years of savings were included in the 2015 load forecast and what forecast years of savings were used in the 2015 manual adjustment (and related LRAMVA threshold). Please confirm whether 2011 to 2013 persisting savings, or in fact 2011 to 2014 persisting savings, have been captured in the 2015 load forecast. If Festival agrees that there is some historical persistence of these savings captured in the 2015 load forecast, please consider the following:
- i. In Tab 5, Table 5-b, please confirm the appropriateness of removing the persisting lost revenues from 2011 to 2013 in 2016 (rows 382 to 384)

RESPONSE:

See “Staff-2) b) ii)” response below.

- ii. In Tab 5, Table 5-b, please confirm whether the persistence of 2014 savings should be excluded in 2016 (row 385)

RESPONSE:

Upon reviewing the comments from Exhibit 3 of Festival’s last Cost of Service Application the CDM component of the 2015 forecast consists of results from 2013 & 2014 persisted into 2015 and an estimate of the 2015 results. As the 2015 forecast is being used for the 2016 LRAMVA claim the currently collected value is \$40,451.87 (Tab 5 Cell \$AM\$389). The persistence of 2013 through 2015 amounts to \$109,074.96 (Sum Tab 5 \$AM\$384:\$AM\$386), removing the value already collected the variance for this is \$68,622.83. As there is a significant sum that remains uncollected according to the workform the persistence years 2013, 2014 and 2015 should apply to the claim.

- c. In Table 2-a of the LRAMVA work form, it appears that 5,068 kWh of the LRAMVA threshold is not associated with a rate class. Please confirm accuracy of the rate class breakdown of the LRAMVA threshold noted in Tab 2, Table 2-a of the LRAMVA work form.

RESPONSE:

This relates to unmetered scattered load and tab 2 has been revised to indicate this.

d. Please confirm the updated 2016 amount in Tabs 1 and 5 of the LRAMVA work form.

RESPONSE:

The figures in Tab 5 have been updated to reflect the removal of the 2011 and 2012 persistence from table 5-b (2016 program year).

Staff-3

Ref: LRAMVA Work Form, Tabs 4 and 5

Please discuss the methodology to calculate the rate class allocation by sector and program. In particular, please discuss the inputs and outputs of the formula used to calculate the rate class allocation percentages in Tabs 4 and 5.

RESPONSE:

For residential programs the formula looks at the rate classes and divides the values evenly among any that are listed as residential. The formula used to calculate the rate case split for non-residential programs uses the project report data provided by the IESO harmonized into the latest report format (See tab “3-a Rate Class Allocations”). For program results that don’t have project level data the data is evenly split among the rate classes listed as general service, if there is project data than the results will be divided based on the reported savings of that program area’s projects and according to rate class billing metric. IE: For “26. Save on Energy Retrofit Program” in 2016, 91.8% of the kW results were in the “General Service 50 to 4,999 kW” rate class, and 8.57% of the kWh results are in the “General Service Less Than 50 kW” rate class. As these formulas utilize the billing metrics (kW vs kWh) when allocating savings for the purposes of LRAMVA calculations the totals may not always total to 100%, a program spread over multiple rate classes that all had the same billing metric will always total 100%. This would happen based on a project’s respective hours being outside the average or if that project had on peak (demand) savings.

Staff-4

a. Please provide a table confirming the LRAMVA amount requested for disposition in 2016 by year, rate class and rate rider.

RESPONSE:

	RATE CLASS							
	GS >50	GS<50	Large Use	Residential	Sentinel Lighting	Street Lighting	USL	Total
<i>2016 Claim amount requesting recovery effective January 1, 2018</i>								
2016 Actuals	71,482.45	62,786.91	12.96	46,320.39	-	-	-	180,602.71
2016 Forecast	(19,677.94)	(7,245.10)	(330.34)	(12,827.39)	(24.10)	(309.92)	(37.08)	(40,451.87)
Accrued Interest	261.18	280.03	(1.60)	168.86	(0.12)	(1.57)	(0.19)	706.59
Projected interest	621.72	666.58	(3.81)	401.96	(0.29)	(3.72)	(0.45)	1,682.00
Total	52,687.41	56,488.42	(322.79)	34,063.82	(24.51)	(315.21)	(37.72)	142,539.43
Requested Rate Rider (as per tab 7 of Rate Generator Model)	0.0574	0.0009	(0.0083)	0.0002	(0.0679)	(0.0450)	(0.0001)	

b. If Festival Hydro has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.

RESPONSE:

Festival has filed an updated LRAMVA work form.