**OEB Staff Interrogatories**

**2018 Electricity Distribution Rates Application**

**Hydro Ottawa Limited (****Hydro Ottawa)**

**EB-2017-0052**

**November 7, 2017**

**Staff IR-1**

**Ref: Revenue Requirement Workform (RRWF) – Tab 12 Res\_Rate\_Design**

In cell D41 of the above noted tab in the RRWF, Hydro Ottawa entered 4 as the number of remaining transition years. As stated on page 27 of the approved settlement proposal in EB-2015-0004, “for the residential class, charges will be fully fixed by 2020, as proposed by Hydro Ottawa and as required by the OEB.” Therefore, the transition years remaining now for residential rates to be fully fixed are 2018, 2019 and 2020.

Please confirm that there are three remaining years in Hydro Ottawa’s conversion to a fully fixed residential rate.

**Staff IR-2**

**Ref: DVA Workform – Continuity Schedule – Balances in Account 1595 (multiple years)**

Based on the review of the updated Continuity Schedule (filed on Oct 11, 2017), OEB staff noted that some account balances in account 1595 (for multiple years) were entered in the wrong accounts/rows. For example, the balances in account 1595 (2011) were entered in row 36 for account 1595 (2012). Please review all the balances in account 1595 Disposition and Recovery/Refund of Regulatory Balances and update the continuity schedule (and other related tabs if any) in the DVA model to ensure that these balances are filed in the correct rows for the corresponding years.

**Staff IR-3**

**Ref: GA Analysis WorkForm**

 **Hydro Ottawa’s response to Preliminary Questions 1 & 2**

 **DVA Continuity Schedule**

**E9/T2/S1, page 4**

1. Hydro Ottawa stated:

For clarity and for the unaudited balances to be easily identifiable, Hydro Ottawa has entered the amount related to the true-ups in the “Projected Interest from January 1, 2018 to April 30, 2018 on Dec 31 -16 balance adjusted for disposition during 2017” column on the DVA Continuity Schedule.



Please describe in detail how the adjustment of ($1,462,534) was derived for Account 1588. Please include in your discussion the total true-up amount from the IESO for Charge Type 1142, and how it was proportioned between Accounts 1588 and 1589.

1. Hydro Ottawa has shown reconciling items 1b and 2b, but its DVA continuity schedule shows only one of these amounts.
	1. As per the OEB letter dated May 23, 2017, please make the necessary true-up adjustments to Hydro Ottawa’s DVA Continuity Schedule to ensure that the balances proposed for disposition reflect actual expense and revenue components and all estimates are trued up to actuals.
	2. Explain Hydro Ottawa’s rationale as to why the adjustment related to 2b was not made to the DVA Continuity Schedule.
2. For the Reconciling Item part 3b of the GA Analysis, Hydro Ottawa has indicated that the “Final True-up to be completed later in 2017”. As it is already 10 months past the year-end, please provide the reconciling item related to part 3b on the GA Analysis Workform.
3. In response to the Preliminary Question 1, Hydro Ottawa has indicated that it uses approach b). However, this approach would have entailed debiting all of Charge Type 148 into 1589 and then crediting the portion related to RPP GA from Charge Type 1142 (formerly 142) into this account. The Notes/Comments in IRR 2)ii indicate that Hydro Ottawa’s process may be different from the approach described in OEB staff IR 1)b). Please describe Hydro Ottawa’s approach to booking expense journal entries for Charge Type 1142 (formerly 142) and Charge Type 148 from the IESO invoice in detail.
4. With respect to Hydro Ottawa’s responses to Question 2, please describe in detail Hydro Ottawa’s process (how are the estimated amounts initially determined, what data is used for estimation, how are estimates used in booking entries, what is the true-up process after billing data becomes available, data used for making entries etc.) with respect to reconciling items related to:
	* Part 1a ii – please explain how ($1,635,798) was derived.
	* Part 1a iii – please explain how $1,371,426 was derived.
5. With respect to Hydro Ottawa’s responses to Question 2, please describe in detail Hydro Ottawa’s process (how are the amounts determined, what data is used and how are estimates determined and used in booking entries etc.) with respect to reconciling items related to:
	1. Part 1b ii – please explain how ($284,576) was derived.
	2. Part 1b iii – please explain how $918,303 was derived.
6. With regards to the Dec. 31, 2016 balance in Account 1588, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end. Please complete the following table to a) indicate whether the component is based on estimates or actuals at year end and b) quantify the adjustment pertaining to each component that is trued up from estimate to actual

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Component** | **a) Estimate or Actual** | **Notes/Comments** | **b) Quantify True Up Adjustment** |
| i | Revenues (i.e. is unbilled revenues trued up by year end)  |  |  |  |
| Ii | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end) |  |  |  |
| ijj | Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end) |  |  |  |
| iv | Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages |  |  |  |
| v | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type |  |  |  |

**Staff IR-4**

**Ref: DVA Workform – Billing Determinants**

In tab 4 Billing Determinants of the DVA model, Hydro Ottawa reported 37,049,412 kWh and 66,568 kW as metered consumption and demand for Wholesale Market Participants in the GS 1,500 to 1,499 kW rate class. However, in the RRR 2.1.5.4 reporting, the same consumption and demand amounts were reported in the GS 50 to 1,499 kW rate class. Please confirm which rate class should these consumption and demand amounts belong to. Please update the DVA model if necessary.

**Staff IR-5**

**Ref: Exhibit 7, Schedule 1**

**Ref: Exhibit 7, Schedule 1, Attachment 7-1(B), Page 1**

**Ref: Amended Settlement Proposal in 2016-2020 Custom IR, filed December 7 2015, p. 22**

Hydro Ottawa has adjusted the 2018 Cost Allocation model to reflect the Pole Attachment Decision. However, the settlement agreement specified “In the event that, as a result of the OEB’s decision on Issue 4.11, the poles attachment revenues are a different amount, then the distribution rates will be adjusted by an equal amount so that the service revenue requirement for each year is unchanged.”

1. Please explain why Hydro Ottawa chose to update their Cost Allocation study when the adjustment specified by the settlement agreement does not require an update to cost allocation.
2. Please confirm that Hydro Ottawa relied on the settlement agreement, and not the updated Cost Allocation study in setting the revenue requirement by class in the second reference.