**Welland Hydro-Electric System Corp.**

**EB-2017-0081**

**Staff-1**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

With respect to the columns applicable to 2012, OEB staff is unable to reconcile the principle amount of $1,450,154 entered in Account 1595 (2012) to the OEB’s decision in EB-2011-0202. OEB staff notes the amount approved for disposition was a credit of $1,407,960, and therefore a debit of the same amount should be entered in Account 1595 (2012). OEB staff also notes that the interest amount that was approved for disposition in that proceeding has not been entered in Account 1595 (2012).

Please provide an explanation and make any changes to the Rate Generator Model as required.

 **Response:**

**The amount approved for disposition in the OEB’s decision in EB-2011-0202 was a credit of $1,407,960 principal plus an interest credit of $28,815. The decision in EB-2011-0202 also included approval for disposition of Account 1521 in the debit amount of $15,664 including interest and approval for disposition of Account 1562 in the credit amount of $29,043 including interest. The sum of these amounts is a credit of $1,450,154 which was previously entered on Tab 3 Continuity Schedule of the Rate Generator Model. The reconciliation of these amounts can be seen below.**



**Welland Hydro has separated the principal and interest portion on Tab 3 Continuity Schedule in Columns Q and V. As a result, Welland Hydro has also adjusted the principal and interest amounts related to 1595 (2012) approved for disposition by the OEB in EB-2015-0109 in Columns BE and BJ. The total amount approved for disposition by the OEB (credit of $99,298) has not changed. In future rate applications Welland Hydro will separate the principal and interest approved for disposition in the continuity schedules.**

**Staff-2**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

With respect to the columns applicable to 2013 and similar to the interrogatory above, OEB staff is unable to reconcile the principle amount of -$833,065 entered in Account 1595 (2013) to the OEB’s decision in EB-2012-0173. OEB staff also notes that the interest amount that was approved for disposition in that proceeding has not been entered in Account 1595 (2013).

Please provide an explanation and make any changes to the Rate Generator Model as required.

 **Response:**

**The principal amount of $833,065 entered in Account 1595 (2013) is comprised of the disposition of Group 1 and Group 2 principal and interest amounts, as well as the disposition of Stranded Meters as approved by the OEB in it’s decision in EB-2012-0173. A summary of these amounts can be seen below:**



**The disposition of Stranded Meters was incorrectly included in Account 1595 and was corrected and moved to Account 1555 in Tab 3 of the Rate Generator Model in 2016 (Column BF). See Question 7 below for further explanation.**

**Welland Hydro has separated the principal and interest portion on Tab 3 Continuity Schedule in Columns AA and AF. As a result, Welland Hydro has also adjusted the principal and interest amounts related to 1595 (2013) approved for disposition by the OEB in EB-2016-0110 by the OEB in Columns BM and BN. The total amount approved for disposition by the OEB ($35,875) has not changed. In future rate applications Welland Hydro will separate the principal and interest approved for disposition in the continuity schedules.**

**Staff-3**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

With respect to the columns applicable to 2014, OEB staff notes that Welland Hydro has entered the total amount approved for disposition (i.e. -$762,222) under the “OEB-Approved Disposition during 2014” in the principle portion of the continuity schedule in Account 1595 (2014).

Please break down principle and interest in Account 1595 (2014) as approved in the OEB’s decision in EB-2013-0177.

**Response:**

**Welland Hydro has separated the principal and interest portion on Tab 3 Continuity Schedule in Columns AK and AP. As a result, Welland Hydro has also adjusted the principal and interest amounts approved for disposition by the OEB in EB-2016-0110 by the OEB in Columns BM and BN. The total amount approved for disposition by the OEB (credit of $64,633) has not changed. In future rate applications Welland Hydro will separate the principal and interest approved for disposition in the continuity schedules.**

**The table below shows a summary of the Principal and Interest amount approved for disposition in EB-2013-0177.**



**Staff-4**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

With respect to the columns applicable to 2014, please explain the principle and interest adjustments in columns AL and AQ for all accounts.

 **Response:**

**The principal and interest adjustments entered in columns AL and AQ represented opening balances for 2014 as per the instructions on Tab 3 Continuity Schedule of the Rate Generator Model.**

**Staff-5**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

With respect to the columns applicable to 2015, OEB staff is unable to reconcile the amount entered in Account 1589 to the amount approved for disposition in EB-2014-0120.

Additionally, OEB staff notes that Welland Hydro has entered the total amount approved for disposition (i.e. $459,241) under the “OEB-Approved Disposition during 2014” in the principle portion of the continuity schedule in Account 1595 (2015).

1. Please provide an explanation for the amount entered in Account 1589, and make any corrections to the Rate Generator Model as required.

**Response:**

**Welland Hydro has entered in Column AU an amount approved for disposition of $459,241 ($447,917 Principal/$11,325 Interest). This amount agrees to page 5 of the OEB Decision in EB-2014-0120.**

1. Please break down principle and interest in Account 1595 (2015) as approved in the OEB’s decision in EB-2013-0177.

**Response:**

**Welland Hydro had previously entered the total amount approved for disposition of $762,222 under the “OEB-Approved Disposition during 2014” in Column AK of the continuity schedule for Account 1595 (2014). This was approved in the OEB’s decision in EB-2013-0177 and has been broken down between principal and interest on the continuity schedule (see Question 3 above).**

**Welland Hydro had previously entered the total credit amount approved for disposition of $459,242 under the “OEB-Approved Disposition during 2015” in Column AU of the continuity schedule for Account 1595 (2015). This was approved in the OEB’s decision in EB-2014-0120 and has broken down between principal and interest in Columns AU and AZ of the continuity schedule.**

**Staff-6**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

OEB staff notes that Welland Hydro has included both the principle and interest amounts approved for disposition as part of its 2016 IRM application (EB-2015-0109) in cell BE37.

Please correct the model to separate principle and interest into cells BE37 and BJ37 for Account 1595 (2016).

**Response:**

**Welland Hydro has separated principal and interest amounts into cells BE37 and BJ37 for Account 1595 (2016).**

**Staff-7**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

Please explain the nature of the adjustments in columns BF and BK for the 2016 rate year.

 **Response:**

**There is a (revised) Principal adjustment in Column BF in the amount of $169,907 related to Global Adjustment. This adjustment is comprised of two amounts:**

1. **An adjustment of $7,879 for the 2016 rate year which represents the Global Adjustment Variance for Welland Hydro’s only Class A customer. The variance has been removed from the overall Global Adjustment variance per the OEB’s request in the Preliminary Questions related to the Global Adjustment Workform dated October 19, 2017.**
2. **An adjustment of $162,028 which represents a Global Adjustment True-up for unbilled revenues to actual revenues for the 2016 year. Please see Staff-9 for more details.**

**There is also a Principal adjustment in Column BF in the credit amount of $172,968 and an Interest adjustment in Column BK in the credit amount of $11,718. These adjustments relate to the Stranded Meter variance approved for disposition in EB-2012-0173. These balances were incorrectly included in Account 1595 and were moved to Account 1555 in the 2016 column.**

**There is an Interest adjustment in Column BK in the credit amount of $618. This adjustment represents interest for January to April 2017 that was recorded in the 2017 year. This interest is included in the amount approved for disposition in the EB2016-0110 for the January to April 2017 portion.**

**Staff-8**

**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

**Ref: GA Analysis Workform**

With regards to the December 31 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)  | Estimate | Unbilled revenues reverse the following month. Unbilled revenue is not trued up at year end. | Please see Question 9 below for Global Adjustment true-up |
| ii | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end) | Actual | Expense is based on IESO invoice at year end | N/A |
| 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) | Actual | Expense is based on IESO invoice at year end | N/A |
| iv | Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages | Actual | Charge Type 148 is booked entirely to a Global Adjustment expense account. No pro-ration is done for this Charge Type. | N/A |
| v | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type | Actual | The portion of Charge Type 142 for RPP Global Adjustment components is booked to the Global Adjustment Expense (1589) account based on the amount filed in 1598 reporting. The portion of Charge Type 142 for RRP Power components is booked to Power Expense (1588) based on the amount filed in 1598 reporting. Both amounts are trued up to actual prior to year end. | N/A |

**Staff-9**

In Welland Hydro’s response to OEB staff’s preliminary question #5b on the GA Analysis Workform, Welland Hydro notes “although Welland Hydro has not proposed any adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, consideration should be given to moving the impact of item 2b to 2017 as the unbilled over stated Global Adjustments revenues in 2016 (ai).”

1. Please confirm if Welland Hydro is agreeable to make a true-up adjustment for Account 1589 for unbilled revenues to actual revenues in the DVA continuity schedule.

**Response:**

**Welland Hydro confirms that it is agreeable to make a true-up adjustment for Account 1589 for unbilled revenues to actual revenues in the DVA continuity schedule.**

1. If the answer to (a) is yes, please make the necessary adjustment.

**Response:**

**Welland Hydro has added the True-up adjustment in the amount of $162,028 to Column BF Principal Adjustments during 2016 of Tab 3 Continuity Schedule of the Rate Generator Model. Please see Staff-7 for details of this additional adjustment included in the total 2016 adjustment amount.**

**As a result of this true-up adjustment, Tab 6.1 and Tab 6.1a of the Rate Generator Model have changed. The impact of this adjustment is that the Global Adjustment Rate Rider applicable to Class B non-transition customers has been revised to $(0.0062) from the previous Rate Rider of $(0.0074). Also, the allocation to Class A transition customers has been revised to an annual credit of $38,272 ($3,189 per month) compared to the previous annual credit of $45,723 ($3,810 per month).**

**Welland Hydro has also revised the GA Analysis Workform to reflect the revised Net Change in Principal Balance in the GL to $(826,381) and remove item 2a as a reconciling item.**

**Staff-10**

**Ref: Welland Hydro, Revised Model Cover Letter, October 19, 2017**

In the letter referenced above, Welland Hydro notes that corrections have been made in response to OEB Staff preliminary questions including revised non-RPP Class B kWh consumption and the removal of the Class A Global Adjustment variance.

1. Please confirm if Welland Hydro has corrected its Reporting and Record-keeping Requirement data through the OEB.

**Response:**

**Welland Hydro has not yet corrected its Reporting and Record-keeping Requirement data through the OEB.**

1. If the answer to (a) is no, please explain why not.

**Response:**

**Welland Hydro was waiting for a decision regarding Welland Hydro’s proposed adjustment to Account 1589 (See Staff-9) so that all adjustments could be made at the same time. Welland Hydro will make all necessary corrections to its Reporting and Record-keeping Requirement data.**