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BY E-MAIL

January 23, 2018

John Pickernell
Manager Applications Administration
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Rideau St. Lawrence Distribution Inc.
2018 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2017-0265**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Rideau St. Lawrence Distribution's responses to interrogatories are due by January 30, 2018.

Yours truly,

Original Signed By

Christiane Wong
Incentive Rates & Accounting

Encl.

**Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence Distribution)
EB-2017-0265**

Staff IR-1

Ref: Cell C53 from Tab 3. Continuity Schedule has been reproduced below.

Per Appendix A of the *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications for 2018 Rate Applications*, "Any vintage Account 1595 Sub-Account is to be disposed only once, on a final basis. No further dispositions of these accounts are expected thereafter unless justified by the distributor".

Ref: A Portion of the Tab 3 Continuity Schedule has been reproduced below.

Account Descriptions	Account Number	on Dec-31-16 Balances		2.1.7 RRR	Variance RRR vs. 2016 Balance (Principal + Interest)
		Total Interest	Total Claim	As of Dec 31, 2016	
Group 1 Accounts					
LV Variance Account	1550	4,763	190,527	274,644	1
Smart Metering Frilly Charge Variance Account	1551	(9)	(409)	(537)	0
RSVA - Wholesale Market Service Charge ⁵	1580	(3,814)	(109,470)	(309,232)	(4,953)
Variance WMS - Sub-account CDR Class A ⁵	1500	0	0	0	0
Variance WMS - Sub-account CDR Class B ⁵	1580	(128)	(5,037)	0	1,903
RSVA - Retail Transmission Network Charge	1584	(5,321)	(170,299)	(391,534)	0
RSVA - Retail Transmission Connection Charge	1586	(1,208)	(75,777)	(11,154)	0
RSVA - Power ⁴	1588	(2,205)	(43,104)	(287,178)	0
RSVA - Global Adjustment ⁴	1589	1,981	32,194	289,936	1
Disposition and Recovery/Refund of Regulatory Balances (2009) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2010) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(0)	(12)	(0)
Disposition and Recovery/Refund of Regulatory Balances (2011) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(0)	(590)	(1)
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(13)	(1,222)	(0)
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(4)	4,041	(1)
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(291)	1,912	0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	18,788	154,402	0
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	0	0
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>	1595				

Rideau St. Lawrence Distribution is requesting disposition of account 1595-2012 credit balance of \$13, account 1595-2013 credit balance of \$4 and account 1595-2014 credit balance \$291.

- Please confirm whether Rideau St. Lawrence Distribution has requested disposition of these sub accounts previously.
- When did the rate rider relating to each IRM cease?
- What audited financial statements did Rideau St. Lawrence Distribution base these dispositions on previously and what does each balance pertain to?
- Please explain why these amounts have not been written off.

Staff IR-2

Ref: Retail Transmission Service Rates

OEB staff notes that the balance of Rideau St. Lawrence’s USoA account 1584 is significant. The balance being requested for disposition is (\$170,299), this balance is for the principal and interest transactions in 2016 plus forecasted interest to April 30, 2018.

- a) Please complete the following tables and reconcile the principal portion of USoA account 1584 of (\$164,977) and provide an explanation for magnitude of the account balance.

Retail Transmission Service Rates - RSVA Transmission Network Charges						
Revenue Calculations						
Customer Class	Unit	kWh Consumption	kW Demand	kWh Rate	kW Rate	Revenue Amount
RESIDENTIAL SERVICE CLASSIFICATION	kWh					
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION	kWh					
GENERAL SERVICE 50 TO 4,999 kW SERVICE CLASSIFICATION	kW					
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh					
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW					
STREET LIGHTING SERVICE CLASSIFICATION	kW					
Total Revenue						\$X,XXX,XXX
Wholesale Transmission Network Charges						\$X,XXX,XXX
RSVA Transmission Network Charges - Principal						\$XXX,XXX

Wholesale Transmission Network Charges			
Month	kW Volume	UTR Tx Nw	Amount
Jan-16			
Feb-16			
Mar-16			
Apr-16			
May-16			
Jun-16			
Jul-16			
Aug-16			
Sep-16			
Oct-16			
Nov-16			
Dec-16			

Staff IR-3

Ref: Tab 10 “RTSR Current Rates”

OEB staff is unable to reconcile the “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” for GS 50 to 4,999 kW Service Classification with the reported amounts in Rideau St. Lawrence Distribution’s 2.1.5 RRR.

- a) If Rideau St. Lawrence Distribution believes the figures entered are correct, please provide an explanation for these discrepancies.
- b) If Rideau St. Lawrence Distribution believes these figures needs adjustments, please confirm and OEB staff will update the model with the figures as found in the RRR.

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW
Residential Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073	40,480,043	0
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0081	40,480,043	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0067	20,348,623	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056	20,348,623	0
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate	\$/kW	2.7969		105,146
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.2304		105,146
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.1246		10,331
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.4881		10,331
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0067	546,384	0
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056	546,384	0
Sentinel Lighting Service Classification	Retail Transmission Rate - Network Service Rate	\$/kW	2.1200	106,791	302
Sentinel Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7802	106,791	302
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	\$/kW	2.1093	773,158	2,071
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7245	773,158	2,071

Staff IR-4

Ref: Tab 3 “Continuity Schedule”: RRR 2.2.1 – account 1580 Sub-account CBR Class B

It is noted that Rideau St. Lawrence Distribution filed a zero balance in RRR 2.1.7 account 1580 CBR Class B. Rideau St. Lawrence filed a balance in the 2018 Rate Generator Model in the DVA Continuity Schedule for account 1580 WMS – Sub-account CBR Class B correctly, but did not report a balance in RRR 2.1.7 under control account 1580. Please update the RRR 2.1.7 for 2016 to reflect the correct amount for account 1580 CBR Class B and notify OEB staff when the revision is made.

Staff IR-5

Ref: RSVA 1588 & 1589

GA Analysis Workform

IRM Rate Generator DVA Continuity Schedule

- a) What is Rideau St. Lawrence Distribution process for calculating and recording the various components of RPP settlement true-up amounts?
- b) What is the timing of when the steps in the process are completed?
- c) What is the date of the IESO invoice where the December 2016 RPP settlement true-up amount was reflected? Were the accounting books kept open long enough to reflect this adjustment in the year end balances?

Staff IR-6

Ref: December 21, 2017 Response to OEB Staff Question 4)

GA Analysis Workform

IRM Rate Generator DVA Continuity Schedule

Rideau St. Lawrence Distribution indicates that an adjustment was made between accounts 1588 and 1589 for \$47,286 relating to a portion of the RPP Settlement true-up relating to the RPP/Non-RPP split.

With respect to the debit adjustment to account 1588 of \$47,286, what are Rideau St. Lawrence Distribution plans to settle this amount with the IESO? Does Rideau St. Lawrence Distribution expect to recover this amount from the IESO or customers? Is a credit adjustment in the DVA Continuity Schedule required for account 1588 to eliminate this amount from 1588? Please explain your reasons why.

Staff IR-7

Ref: December 21, 2017 Response to OEB Staff Question 5) a)

GA Analysis Workform

Rideau St. Lawrence Distribution indicates that Column F includes both billed and unbilled data for each month from its billing system. Please provide the calculations to support the quantities included in Column F breaking out loss adjusted billed volumes and unbilled volumes.

Staff IR-8

Ref: December 21, 2017 Response to OEB Staff Question 5) b)
GA Analysis Workform

Rideau St. Lawrence Distribution provided a high level calculation for the (\$47,286) adjustment to account 1589. Please describe the methodology and the data used to determine the volumes of monthly consumption for RPP and non-RPP customers in order to determine the pro-ration of the Global Adjustment attributable to the RPP/Non-RPP customer groups.

Staff IR-9

Digger Truck Cost Recovery Treatment

1. Ref: Manager's Summary/pp. 14-16

Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module (EB-2014-0219), September 18, 2014/ p. 15

In the Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module (EB-2014-0219), September 18, 2014, on page 15, the OEB identifies a "means test" as a requirement for ICM eligibility in any year:

4.1.4 The Adoption of a Means Test

The Board is of the view that establishing a means test would be prudent in qualifying distributors for incremental capital funding. Any distributor approved for an ACM in its most recent cost of service application must file its most recent calculation of its regulated return (RRR 2.1.5.6) at the time of the applicable Price Cap IR application in which funding for the project, and recovery through rate riders, would commence. **If the regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates, the funding for any incremental capital project will not be allowed.** Therefore, any approvals provided for an ACM in a cost of service application will be subject to the distributor passing the means test in order to receive its funding during the IR term. The same means test shall also apply going forward for new projects proposed as ICMs during the Price Cap IR term. [Emphasis in original]

Rideau St. Lawrence Distribution has not provided such information in its manager's summary under consideration of the proposed incremental capital investment.

Please provide complete information, showing calculations and source data, with respect to the regulated ROE for the last year for which actual data is available.

2. Ref: Manager's Summary/page 15

Rideau St. Lawrence Distribution notes that the digger truck was acquired in April 2017 on page 15 of its manager's summary.

- a) Please confirm that, for financial reporting purposes, the digger truck will be accounted for as an asset of Rideau St. Lawrence Distribution in the 2017 fiscal calendar year.
- b) As proposed, Rideau St. Lawrence Distribution is seeking an incremental capital treatment and rate rider as if the digger truck becomes "used and useful" (i.e., in service) in 2018. Is Rideau St. Lawrence Distribution proposing that, for regulatory accounting purposes, the digger truck is listed as an asset that enters service during 2018?
- c) If the answer to b) is "Yes", then please explain the rationale for having a temporal (time-based) disconnect between the treatment of the digger truck for financial accounting and regulatory accounting purposes.
- d) If the answer to b) is "No", please provide an explanation.

3. Ref: Manager's Summary/page 15

Decision and Rate Order EB-2015-0100/pages 4-5 and Settlement Proposal/page 23/Section 2.3

Rideau St. Lawrence Distribution states that "[d]ue to the late delivery, Rideau St. Lawrence Distribution was not able to include this asset in the rate base of the 2016 Cost of Service rate application, EB-2015-0100. As this purchase is a material amount to Rideau St. Lawrence Distribution, representing almost a full year of capital spending in one asset, Rideau St. Lawrence Distribution is applying for incremental capital funding for this truck."

In its Decision and Rate Order EB-2015-0100, issued June 15, 2017, the OEB stated:

3.2 Test Year

The Application was filed on October 21, 2016 pursuant to the Filing Requirements for Electricity Distribution Rate Applications - 2015 Edition for 2016 Rate Applications (filing requirements). Given that the Application was filed after the OEB's August 2015 deadline for 2016 rates' applications, the OEB received the application as a "late filing". However, unlike with the OEB's current edition of the filing requirements, the 2015 edition (for 2016 rates) did not require a late filing applicant to convert its

application to the subsequent year. (Under the 2016 edition of the filing requirements (for 2017 rates) this conversion would now be required.)

Through the Settlement Proposal, the parties requested that the OEB approve a 2016 test year with the resulting rates effective in 2017.

The parties to the settlement agreed that it was appropriate to use 2016 as a test year. The Settlement Proposal indicated that despite the late filing, the OEB did not require Rideau St. Lawrence Distribution to revise or amend its Application. As well, comprehensive forecasts for a 2017 test year had not been filed. OEB staff submitted that a 2016 test year would be acceptable as it would be consistent with the edition of the filing requirements applicable to the Application.

Findings

The OEB finds that it is appropriate to use 2016 as the test year with rates effective in 2017 in this case. [Decision and Rate Order EB-2015-0100, June 15, 2017, pp. 4-5]

Section 2.3 of the Settlement Proposal states:

2.3: Is it appropriate to use 2016 as the test year when rates are effective June 1, 2017?

Complete Settlement: The Application was filed based on the OEB's 2015 Filing Requirements for 2016 rate setting. The Application was filed on October 21, 2016. The OEB did not require RSL to revise or amend its Application.

For the purposes of settling all of the issues in this proceeding, the Parties agree that it is appropriate to use 2016 as the test year. The Application, the Interrogatory Responses, and this Settlement Proposal are all based on 2016 test year data. RSL has not provided comprehensive forecasts for a 2017 test year.

In addition, RSL has been informed by counsel that it erred when identifying an "effective date" of January 1, 2017 in its original Application. RSL intended to propose an "implementation date" of January 1, 2017 while maintaining an effective date of May 1, 2016. RSL does not intend to move to a January 1 effective date for rates.

The effective and implementation date for 2016 rates as agreed upon in this settlement is in issue 5.2.

Evidence:

Application: Exhibit 1, Tab 6, Schedule 2.

IRRs: 1-Staff-1; 1-VECC-4.

Appendices to this Settlement Proposal: None.

Settlement Models: None.

Supporting Parties: All

[Settlement Proposal, page 23, filed May 11, 2017, included as Schedule A of Decision and Rate Order EB-2015-0100]

- a) Please confirm that the digger truck was acquired by Rideau St. Lawrence Distribution prior to the Settlement Proposal being completed by the parties.
- b) If Rideau St. Lawrence Distribution confirms the response in a), and while respecting the confidentiality of the settlement process in EB-2015-0100, please explain why Rideau St. Lawrence considered that the rate base and revenue requirement based on a 2016 test year would be suitable for it to fund 2017 capital expenditures and operating expenses when it knew that it had the material capital addition of the digger truck in 2017.

4. Ref: Report of the Board on New Policy Options for the Funding of Capital Investments: The Advanced Capital Module (EB-2014-0219)/page 25

On page 25 of the *Report of the Board on New Policy Options for the Funding of Capital Investments: The Advanced Capital Module* (EB-2014-0219), issued September 18, 2014, the OEB states:

In the Price Cap IR application for the year in which the capital project(s) will go into service and the applicant is seeking to commence recovery through rate riders, the distributor should provide updated, current information with respect to the above [costs, need and prudence] for any approved ACMs for any material changes from what was reflected in the DSP.

In the case of an ICM proposal for recovery of an unanticipated capital project, or for a project for which a distributor did not have sufficient information at the time of the cost of service application, this will be the first time that the distributor is providing such evidence. Therefore full and complete details of the project(s) must be filed, as is the current ICM policy and practice.

The condition that cost recovery begins with the year that the asset enters service is consistent with the cost recovery through rates treatment of capital additions under tradition cost of service regulation.

Rideau St. Lawrence Distribution is proposing incremental capital funding treatment as part of its 2018 Price Cap IR application for a capital addition acquired and entering service in 2017 (i.e., not the Price Cap IR test year). Please explain how Rideau St. Lawrence Distribution's proposal is compliant with the OEB's policy and practice with respect to incremental capital funding.

5. Ref: Capital Module ACM/ICM Spreadsheet

Rideau St. Lawrence Distribution has filed a completed Capital Module spreadsheet documenting the calculation of the incremental revenue requirement and the rate riders to recover this based on the digger truck as if it was a capital expenditure and addition in 2018.

OEB staff note that the model does not work appropriately due to the special circumstances of Rideau St. Lawrence Distribution. For example, the growth factor is based on an assessment of 2017 Board-approved relative to 2016 Actuals. However, the 2017 Board-approved load forecast is actually a 2016 test year load forecast. As noted in section 3.1 of the Settlement Proposal in EB-2015-0100, the load forecast agreed to used 2016 actual customer and connection counts. There is therefore no information on normal customer and connection annual growth as the 2016 actual and 2017 Board-approved customers and connections are exactly the same. It is not clear how the kWh and kW demand vary between the 2016 actuals and 2017 Board-approved amounts, although OEB staff suspects that CDM and weather-actual versus weather-normalized comparisons may be the main drivers.

OEB staff also views that, if allowance for recovery of the digger truck is to be considered, its addition to rate base in 2017 as actually occurred should be the starting point. Per the Settlement Proposal accepted by the OEB in its Decision and Rate Order EB-2015-0100, the parties to the Settlement Proposal agreed that the rates established to recover the 2016 test year revenue requirement based on the settled 2016 load forecast were sufficient for Rideau St. Lawrence Distribution to fund its capital expenditures and operations in 2017. If any recovery is required for 2018 and going forward, it should be based on the opening net book value as of January 1, 2018.

OEB staff have populated a Capital Funding Module based on the following:

- 1) Growth is based on 2016/17 Board-approved load forecast relative to 2015 actuals. 2015 actuals were taken from the load forecast data filed in EB-2015-0100.
- 2) Projected capital expenditures for each year from 2016 onwards were taken from EB-2015-0100, with the forecasts for 2017 and onwards were per Rideau St. Lawrence Distribution, Distribution System Plan and Appendix 2-AB as filed in the Settlement Proposal attached to the Decision and Rate Order EB-2015-0100.

For 2018, the opening NBV of the digger truck on January 1, 2017 (i.e. the 2017 GBV of \$379,015 less the half-year depreciation in 2017) is added to the 2018 capex.

3) Depreciation from 2018 onwards is allowed at the full year amount of \$47,377. Other changes were made to adjust labels to reflect this possible treatment. Changes are highlighted in yellow and with comments documenting the changes in each cell. These are summarized in the following table:

Sheet	Cell(s)	Description
1. Information Sheet	F34, F38	Numerator Year should be 2016 (last CoS test year). Assume 2015 is most recent year of actuals (other than 2016 = cannot use same year for numerator and denominator)
	F48, F49	Override formulae. Numerator is 2017 (= 2016) CoS test year load forecast, and denominator is 2015 actuals, both at current (2017) approved rates, for deriving the growth ("g") factor.
'7. Growth Factor – DEN CALC	G14	Corrected label. Current (2017) rates are used. Growth is determined based on changes in customers and demand, with no changes in rates (rate changes captured through Price Cap Index)
'9. Threshold Test	E13	Corrected label
10b. Proposed ACM ICM Projects	C15-G15	Year labels corrected.
	C16-G16	Entered capex for years as approved in Decision and Rate Order EB-2015-0100 and from Appendix 2-AB of Proposed Settlement, with the following changes: 1) 2017 is the \$464,288 as approved for the 2016 test year; and 2) 2018 capex is calculated as the 2018 capex per 2-AB plus the January 1, 2018 opening NBV of the digger truck. Capex aligned with correct years. No forecasted capex for 2021, as RSL is expected to rebase for that year per Decision and Rate Order EB-2015-0100.
	C24	Opening capex for digger truck in 2017
	D24	Opening NBV of digger truck on January 1, 2018, calculated as 2017 GBV less half-year depreciation in 2017.
	E61	No change in value, but assume full-year depreciation based on initial GBV of digger truck over 8 year expected useful life.

- a) Please examine the data inputs and adjustments. Provide (or advise) of any corrections that Rideau St. Lawrence Distribution considers suitable, with explanation.
- b) Please provide Rideau St. Lawrence Distribution's views on the appropriateness of this approach for recovery of the digger truck from January 1, 2018 until Rideau St. Lawrence Distribution next rebases or the digger truck becomes fully depreciated (by June 30, 2025).

6. Ref: Capital Module ACM/ICM Spreadsheet

As filed in the original application, Rideau St. Lawrence Distribution has proposed rate riders that are fully fixed monthly charges for all six of its customer classes. Except for the Residential customer class, where distribution costs are recovered solely through fixed monthly charges, costs (revenue requirements) can be recovered through either fixed charges, volumetric charges, or a combination of these.

With respect to Rideau St. Lawrence Distribution’s original proposal, and the ACM model as revised by OEB staff for Interrogatory 5 above, the following table summarizes four scenarios:

- Rideau St. Lawrence Distribution’s proposal as filed on September 25, 2017, with recovery solely through fixed monthly rate riders
- Rideau St. Lawrence Distribution’s proposal, but with recovery through a combination of monthly and volumetric rates, except for the Residential class
- Capital Module as revised by OEB staff per Interrogatory 5 above, with recovery solely through fixed monthly rate riders
- Capital Module as revised by OEB staff per Interrogatory 5 above, with recovery through a combination of monthly and volumetric rates, except for the Residential class.

Rate Class	RSL Proposal - 20170925	Alt Scenario F & V			Staff IR # 5 - Fixed	Staff IR # 5 - F & V		
	Fixed	Fixed	per kWh	per kW	Fixed	Fixed	per kWh	per kW
Residential	\$ 0.53	\$ 0.53			\$ 0.42	\$ 0.42		
GS < 50 kW	\$ 1.17	\$ 0.64	\$ 0.0002		\$ 0.93	\$ 0.51	\$ 0.0002	
GS 50-4999 kW	\$ 13.20	\$ 6.12		\$ 0.0471	\$ 10.42	\$ 4.83		\$ 0.0372
USL	\$ 0.42	\$ 0.09	\$ 0.0004		\$ 0.33	\$ 0.07	\$ 0.0003	
Street Lighting	\$ 0.10	\$ 0.07		\$ 0.2680	\$ 0.08	\$ 0.06		\$ 0.2116
Sentinel Lighting	\$ 0.20	\$ 0.06		\$ 0.4097	\$ 0.16	\$ 0.04		\$ 0.3235
Incremental Revenue Requirement	\$ 55,180		\$ 55,180		\$ 43,568		\$ 43,568	

- Please explain why Rideau St. Lawrence Distribution proposed recovery for the digger truck solely through fixed monthly charges for all customer classes.
- Considering the responses to OEB staff Interrogatory 5 and the above table, please provide Rideau St. Lawrence Distribution’s views on whether costs should be recovered through a fixed charge or through a combination of fixed and variable charges, based on cost causality for the allocated class revenue requirement.

Questions in relation to LRAMVA

Staff IR-10

Ref: Tabs 1 and 8 of LRAMVA work form

In the application, Rideau St. Lawrence Distribution is requesting approval of a debit balance of \$41,135 in lost revenues associated with new CDM program savings in 2015, persisting savings from 2011 to 2014 in 2015, and carrying charges of \$1,357.

In the LRAMVA work form, Table 1-b of Tab 1 shows that interest of \$681 is claimed up to the period of December 31, 2016. However, as Rideau St. Lawrence indicates in the application, \$1,357 of interest is requested to be approved up to April 30, 2018.

- a. Please update Table 1-b of the LRAMVA work form accordingly to ensure that the total carrying charges are consistent in both the LRAMVA work form and application.

Staff IR-11

Ref: Application, page 8 of 48

Tabs 1 and 8 of LRAMVA work form

Included in the LRAMVA claim is \$2,929.43 in savings related to a street lighting project in 2014. These savings were not included in the final approved amount in 2014, but are requested to be claimed in 2018 rates.

Rideau St. Lawrence Distribution has not claimed the persistence of 2014 street lighting savings (South Dundas project) in 2015.

- a. Please discuss why Rideau St. Lawrence Distribution included \$2,929.43 in the LRAMVA disposition and whether Rideau St. Lawrence Distribution agrees that the savings should be removed since, as noted in the Chapter 3 Filing Guidelines, adjustments to final approved amounts related to a previous LRAMVA disposition cannot be made.
- b. If Rideau St. Lawrence Distribution agrees with not including \$2,929.43, please remove the savings in cell G61 of Tab 1.
- c. Please discuss whether Rideau St. Lawrence Distribution has received information from the IESO related to the persistence of street lighting savings in future years and whether Rideau St. Lawrence Distribution has considered claiming the persistence of 2014 street lighting savings (South Dundas project) in 2015.
 - i. If Rideau St. Lawrence Distribution would like to claim the persistence of 2014 street lighting savings in 2015, but did not receive information from

the IESO, please provide assumptions related to future year's persistence of the 2014 streetlight project.

Staff IR-12

Ref: Tabs 1 and 3 of LRAMVA work form

Tab 3 of the LRAMVA work form allows distributors to input distribution rates used in the LRAMVA calculation. In row 39 of Tab 3, it appears that the distribution rate for the street lighting class was converted to an energy charge, \$/kWh, to be consistent with Rideau St. Lawrence Distribution's billing system. As noted in Rideau St. Lawrence Distribution's tariffs, it appears that the volumetric rates for the streetlighting class are expressed in \$/kW.

- a. Please confirm whether the streetlighting rates are charged on a \$/kW basis.
- b. Please confirm whether Rideau St. Lawrence Distribution has correctly calculated savings for the two streetlighting projects.

Staff IR-13

Ref: Tabs 4 and 5 of LRAMVA work form

Actual program savings are allocated to their respective rate classes to be compared against forecast savings by rate class. In the LRAMVA work form, rate class allocation percentages are provided by LDCs with supporting documentation and rationale for its proposal.

- a. Please discuss the rate class allocation of the business retrofit program in 2014 and 2015, as compared to prior years from 2011 to 2013.

Staff IR-14

Ref: Tab 8 of LRAMVA work form

Rideau St. Lawrence Distribution has included billing information on the pre- and post-installation of two street lighting projects (South Dundas and Cardinal).

- a) Please describe the nature of the two street lighting projects that Rideau St. Lawrence Distribution has engaged in, including support received from the IESO, if any, with respect to the implementation of these two projects.
- b) Please discuss whether Rideau St. Lawrence Distribution has relied on the OEB approved street lighting load profile to calculate savings for the pre and post installation of LED streetlights. If not, please discuss how monthly street lighting savings were calculated for both projects.

- c) Please confirm whether or not the lost revenue amounts on both street lighting projects are net savings. Please confirm whether an adjustment for free ridership has been applied.

Staff IR-15

Please file an excel copy of Rideau St. Lawrence Distribution's 2015 Final CDM Annual Report, and the 2011-2015 Persistence Savings Report issued by the IESO.

Staff IR-16

If Rideau St. Lawrence Distribution has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.