**Peterborough Distribution Inc. Price Cap IR Application (EB-2017-0266)**

**OEB Staff Questions**

**Question # 1**

**Ref: Tab 6 (Class A Consumption Data) of the IRM Model**

Please confirm if the kWh for each customer provided in the Table “Class A Customers – Billing Determinants by Customer” is correct for 2015 and 2016. Also, please provide the kW for each customer for 2015 and 2016.

The amounts previously recorded were incorrect. PDI had two Class A customers throughout the 2015 and 2016. In addition, one General Service 50 to 4,999 KW customer transitioned to class A during the year. Information for these customers, which has been updated in the IRM Rate Generator Model, is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Customer** | **Rate Class** |  | **2016** | **2015** |
| Customer A1 | LARGE USE SERVICE CLASSIFICATION | kWh | 31,543,248 | 28,721,925 |
|  |  | kW | 58,590 | 55,646 |
| Customer A2 | LARGE USE SERVICE CLASSIFICATION | kWh | 24,320,335 | 22,203,745 |
|  |  | kW | 54,599 | 50,788 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Customer** | **Rate Class** |  | **2016** | |
|  | **January to June** | **July to December** |
| Customer 1 | GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION | kWh |  | 15,882,735 |
|  |  | kW |  | 27,135 |
|  |  | Class A/B |  | A |

**Question #2**

**Ref: GA Analysis Workform – Reconciliation items 1a and 1b and 2018 Rate Generator Model – Tab 3 Continuity Schedule**

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

1. Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[[1]](#footnote-1).
2. Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
3. Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
4. If another approach is used, please explain in detail.

PDI follows approach A.

**Question #3**

**Ref: GA Analysis Workform - – Reconciliation items 1a and 1b and 2018 Rate Generator Model – Tab 3 Continuity Schedule**

With regards to the amount being requested for disposition of USoA 1589 account balance as at Dec. 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in the 2018 Rate Generator Model – Tab 3 Continuity. Please complete the following table (**separately for 2015 and 2016**) to:

* 1. Indicate whether each of the components are based on estimates or actuals at year end, and
  2. Quantify the adjustment amount pertaining to each component that is trued-up from estimate to actual.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Component** | **Estimate or Actual** | **Notes/Comments** | **Quantify True Up Adjustment $ Amount** |
| i | Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?) | Estimate | PDI records revenue based on actual customer billings, plus an amount for amounts unbilled at year end.  In 2016, the unbilled revenue recorded was based on actual consumption (not an estimate) for December, and as such no year end true up is required. | 2015 - $177,398 |
| ii | Expenses - GA non-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 the IESO invoice at year end. |  |
| iii | Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions. | N/A |  |  |
| iv | Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used | N/A |  |  |

* 1. For each item in the tables above, please confirm that the GA Analysis Workform for 2016 and the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

The GA Analysis workform has been adjusted for where settlement was originally based on estimate (Note 5 reconciling items 2a and 2b); the 2018 Rate Generator Model Tab 3 has not been adjusted.

**Question #4**

**Ref: 2018 Rate Generator Model – Tab 3 Continuity Schedule**

With regards to the amount being requested for disposition of USoA 1588 account balance as at Dec. 31, 2016, 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 **(separately for 2015 and 2016)** to:

1. Indicate whether the component is based on estimates or actuals at year end, and
2. Quantify the adjustment pertaining to each component that is trued-up from estimate to actual

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Component** | **Estimate or Actual?** | **Notes/Comments** | **Quantify True Up Adjustment $ Amount** |
| i | Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?) | Estimate | PDI records revenue based on actual customer billings, plus an amount for amounts unbilled at year end.  In 2016, the unbilled revenue recorded was based on actual consumption (not an estimate) for December, and as such no year end true up is required. | 2015 - $70,400 |
| ii | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end) | Actual | Expense is based on the 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) | Actual | Expense is based on the IESO invoice at year end. |  |
| iv | Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions. | N/A |  |  |
| v | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type | N/A |  |  |

1. For each item in the table above, please confirm that the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

The 2018 Rate Generator Model Tab 3 has not been adjusted.

**Question #5**

**Ref: GA Analysis Workform**

In Note 2 of the GA Analysis Workform, the 2015 and 2016 the consumption data entered cannot be reconciled to PDI’s RRR data for 2015 and 2016 (please note that the Total Metered and Non-RPP kWh in Note 2 should exclude WMP consumption).

* 1. Please reconcile the consumption data in Note 2 with RRR data and make the necessary updates for 2015 and 2016.
  2. Please recalculate the Total Loss Factor (TLF) using data in the GA workform (cell F59/D26) for 2015 and 2016 and explain any significant difference between the calculated TLF and the TFL in the 2015 and 2016 Tariff and Rate Orders.

Note 2 of the GA Analysis Workform has been corrected and the amounts now agree with the DVA continuity schedule.

Note 4 has also been updated. The amounts in column F represent consumption for the calendar month. Portions of this consumption would have been billed to these customers in subsequent months. As the amounts for each month represent the actual consumption in that month, no unbilled adjustments (columns G and H) are required for the calculation of the Expected GA Amount.

**Question #6**

**Ref: GA Analysis Workform**

The starting point for Note 5 (cell D65) of GA Analysis Workform must agree to the “Transactions Debit / (Credit)” column in the DVA continuity. In the GA Analysis Workforms submitted by the applicant, the starting point of Note 5 in both the 2015 and 2016 forms do not agreed to the DVA continuity schedule. Please explain why an alternate balance has been used. If this was done in error, then please update each GA Analysis Workform accordingly and resubmit.

The GA Analysis Workform has been corrected and the amounts now agree with the DVA continuity schedule.

**Question #7**

**Ref: GA Analysis Workform**

PDI has recorded an adjustment in 1a) of Note 5 in both the 2015 and 2016 GA Analysis Workforms. For this adjustment, please provide further details as to the nature of the adjustment, confirm what the estimated GA cost was as compared to actual GA cost including whether the original RPP true-up that this adjustment is reversing was a debit (increase) or credit (decrease) to expense.

The previous amount recorded in note 1a) was done in error. The adjustments for 1a) and 1b) have both been corrected to show the year-end RPP true-up for each year.

**Question #8**

**Ref: GA Analysis Workform**

Please explain why PDI has not recorded any adjustment for 1b) of Note 5 in both the 2015 and 2016 GA Analysis Workforms when it appears that a year-end RPP true-up adjustment is necessary.

As per question 7, these amounts have been adjusted.

**Question #9**

**Ref: GA Analysis Workform**

For the adjustments recorded in 2a and 2b in Note 5 of the 2016 and in 2a of Note 5 in the 2015 GA Analysis Workforms, please indicate whether the adjustments being proposed are to reconcile an over or under accrual of unbilled revenue. Also, in the 2015 GA Analysis Workform, an adjustment was recorded for 2a, but not for 2b. Please explain why.

Amounts recorded in 2a and 2b have been corrected and are now included in both years. Additional details have been included on the workform.

**Question #10**

**Ref: GA Analysis Workform**

Please provide the total GA amounts billed to non-RPP customers in 2016 as recorded in the applicant’s revenue G/L accounts excluding any transfers to RSVA GA if applicable.

The total GA amount billed to non-RPP customers in 2016 per the GL is 32,616,428

**Question # 11**

**Ref: GA Analysis Workform – GA Billing Rate**

1. What GA rate is used to bill customers? Is the same GA rate used for unbilled revenue? If not what rate is used?

PDI uses the GA first estimate to bill customers as well as for its unbilled revenue calculations.

1. Explain how the GA billing rate is determined for billing cycles that span more than one load month.

The GA billing rate is prorated based on the actual consumption dates within the billing cycle.

1. Confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers for each customer class.

Yes, GA rate is consistent.

1. Where the same GA rate is not used for non-RPP Class B customers in all customer classes, explain what GA rate is applied to each customer class.

N/A

**Question #12**

**Ref: Tab 3 (Continuity Schedule) of the IRM Model and PDI’s 2016 Rates Decision and Order (EB-2015-0097)**

In the Decision and Order for PDI’s last rate application, the OEB approved the disposition of a debit balance of $3,116,343 as of December 31, 2014, including interest projected to April 30, 2016 for Group 1 accounts. Please start the Continuity Schedule by entering the closing 2013 balances in the Adjustments column under 2013.

The continuity schedule has been updated to record these changes. The OEB-Approved Disposition during 2016 per the continuity schedule agrees with the Decision and Order (columns BE + BJ of tab 3).

**Question #13**

**Ref: Tab 3 (Continuity Schedule) of the IRM Model**

Account 1580, sub-account CBR Class A should have a zero balance as of December 31, 2016. Please explain why this is not the case.

The existing CBR Class A variance should have been settled directly with impacted customers in July of 2016. While PDI began billing its Class A customers based on actual amounts (as per OEB accounting guidance issued July 25, 2016), the one-time billing adjustment to dispose of the existing variance was not made. PDI recommends charging these customers for this amount on their next billing cycle and not creating a rate rider as per our initial submission, following the OEB accounting guidance issued July 25, 2016.

**Question #14**

**Ref: Tab 3 (Continuity Schedule) of the IRM Model**

Account 1595 Sub-Account residual balances are to be disposed only once, on a final basis per Chapter 3 Filing Requirments. PDI has requested to dispose of sub-account 1595 balances for 2011, 2012, and 2013.

1. Please start putting inputting data from the year the sub-account started to accumulate a balance (the vintage year).
2. Have the residual balances of these accounts been disposed of in the past. If so, why is PDI seeking recovery?

Interest amounts were calculated in error in the general ledger as residual balances were not cleared out of these accounts. These amounts will be corrected in the general ledger and tab 3 has been amended to request no disposition for these accounts.

1. Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase transactions, but are rather booked to the cost of power USoA 4705 Power Purchased, and 4707 Charges - Global Adjustment, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705 and 4707 are for cost of power transactions. [↑](#footnote-ref-1)