Guelph Hydro Electric Systems Inc.

OEB Staff Questions

EB-2018-0036

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**Staff Question – 1**

**Ref: Guelph Hydro’s response dated August 30 2018 to staff preliminary question #3**

In responding to staff’s question related to the allocation of Account 1595 -2016 residual balance of $744,342, Guelph Hydro proposes to use a proportion based on calculated variance ($) in 1595 for each rate class. Staff notes that the allocated balances of Account 1595, are to be included in the derivation of the DVA rate riders in the rate generator model.

1. Why Guelph Hydro thinks it appropriate to allocate GA related costs to all customers, when only the non-RPP customers caused the variance since they are the ones who pay the GA. Please propose another approach that allocates the balances to the customers that caused the variance.

**Staff Question -2**

**Ref: Tab 6.a GA Allocation – cell D20 Total Non-RPP Class B consumption**

Staff notes that the total non-RPP Class B consumption on Tab 6.a of the IRM rate model is 376,753,694 kWhs. Staff performed a reconciliation for the total non-RPP class B consumption used in the 2019 IRM rate models with the consumptions calculated based on the RRR reporting. Staff notes a discrepancy for 2017 consumption figure that is used in GA allocation of 2019 IRM rate model as below.

|  |  |
| --- | --- |
|   | **Metered Consumption As per RRR 2.1.5** |
|   | **2017** |
| Non-RPP (kWhs) |  921,412,855  |
| Retail customers (kWhs) |  197,114,360  |
| **Total Non-RPP excluding the WMP** |  1,118,527,215  |
| Less: Class A consumption |  562,293,628  |
| **Total Non-RPP Class B (A)** |  **556,233,587**  |
|  |  |  |
|   |  **As per 2019 IRM rate models Tab 6.1**  |
|   | **2017** |
| **Total Non-RPP Class B Consumption (B)** |  **376,753,694**  |
|   |   |
| **Variance (B-A)** |  **(179,479,893)** |
|   | -32% |

1. Please provide the explanation of the discrepancy noted as above.
2. Please update the respective evidence/model accordingly if applicable.

**Staff Question - 3**

**Ref: Page 50-51 of the Application; Appendix 7\_Guelph\_Reconciling Item\_GA Analysis.xls, Tab.1 GA Detailed Analysis;**

In explaining the reconciling item #4 Billed GA difference, Guelph stated in the Application that

The GA analysis model assumes that Distributor bills customers on a calendar month basis. Guelph Hydro does not bill most of its customers on a calendar month basis. For those customers with billing cycles bridging two calendar months, the CIS system bills a weighted average GA 1st Estimate rate. This analysis is presented in Tab 1. GA Detailed Analysis columns O to R with column S demonstrating the monthly average GA rate billed to customers in 2017. Based on this analysis, the GA Analysis model expectation (cell K26) is greater than the GA amount Guelph Hydro collected (cell O26) by $896,689.38.

Guelph provided the supporting calculation for the Billing GA difference of $896,689.38 in the Appendix 7 of the Application:

|  |  |
| --- | --- |
| Calculated 2017 GA revenues per the GA Analysis Workform | $55,966,564.00 |
| 2017 GA revenues per Guelph (billed adjusted for unbilled) | $55,069,874.70 |
| Billing GA difference (reconciling item #4) |  $896,689.38 |

1. Please provide the 2017 year-to-date balances in the global adjustment sub-accounts for USoA 4006 to 4055 and compare the sum to the 2017 GA revenue figure of $55,069,874.70 (Excluding any transfers to Account 1589 RSVA GA). Please explain variances if any.

**Staff Question – 4**

**Ref: Guelph Hydro’s response dated August 30 2018 to staff preliminary question #4**

Guelph Hydro provided an example to illustrate the calculation of the weighted average GA rate to bill the customers without interval meters. The calculation is copied as below:



1. The information provided on the print screen for the calculation of the weighted average GA rate is unclear to OEB Staff:
* Please indicate the starting point of the cumulative costs, and the cumulative consumption.
* How are the cumulative costs and consumption values derived, and what is the source of the values used?
* What customer groups are included in the cumulative costs and consumption?
1. Please confirm that the weighted average GA rate is only billed to the customers with non-interval meters.
2. Please provide the ratio of non-interval vs interval metered consumption for the total non-RPP class B consumption and its calculation.

**Staff Question – 5**

**Ref:** **Appendix 7\_Guelph\_Reconciling Item\_GA Analysis.xls, Tab.2 RPP True-up**

Staff compared the total RPP consumption volume per Guelph’s settlements in 2017 after the true-up for 2017 to the reported consumption in the RRR and noted the following difference:

|  |  |
| --- | --- |
| Total 2017 kWh Actual per Guelph's settlements with the IESO including true-ups – Cell D51 of Appendix 7 Tab.2 RPP True-up (A) |  457,636,230  |
| Total metered Consumption - RPP Per RRR (B) |  477,444,083  |
| **Difference (C=A-B)** |  **(19,807,851)** |
|   |   | -4.3% |

1. Please explain the above volume difference.

**Staff Question – 6**

**Ref: Appendix 7\_GA Analysis Workform; RRR 2.1.7**

Staff compared the GA costs per the GA analysis workform and the GA costs per the reported balance in USoA 4707 Global adjustment and noted the following difference:

|  |  |
| --- | --- |
| The expected GA costs per the GA analysis workform (Non-RPP class B consumption adjusted for unbilled X Actual GA rate) | $56,931,768 |
| The reported balance in USoA 4707 (RRR 2.1.7) | $44,780,581 |
| Difference | $12,151,187 |

1. Please explain the difference between the reported balance in USoA 4707 and the expected GA costs per the GA analysis workform (excluding any transfers to Account 1589 RSVA GA).

**Staff Question – 7**

**Ref:** **Page 51 of the Application; Appendix 7\_Guelph\_Reconciling Item\_GA Analysis.xls, Tab.3 IESO Invoice Analysis**

The reconciling item #5 on the GA Analysis workform is -$543,557.63, being the IESO Invoice Adjustment to Charge Type 148. Guelph stated on the page 51 of the Application that

Throughout 2017, the IESO made numerous adjustments to the amount charged to Guelph Hydro for charge type 148 Class B Global Adjustment Settlement Amount. Adjustments of $2,398,010.50 throughout 2017 were made in the IESO preliminary statement and an almost offsetting amount of $(2,932,568.13) adjustments were made to the final statement. The overall impact is $(534,557.63) in adjustments to charge type 148 during 2017.

The Tab 3 of Appendix 7 reconciling items spreadsheet shows that the net impact of $(534,557.63) is the total difference between the CT 148 of IESO invoices and the preliminary statements for the year of 2017.

1. Please explain why 100% of the net adjustment of CT 148 (for both RPP & non-RPP Customers) from the IESO is shown as a reconciling item in the GA Analysis workform, when the GA Analysis Workform should only be accumulating the Account 1589 balances which is for Non-RPP class B customers.

**Staff Question – 8**

**Ref: Page 59 of the Application; 2019 IRM Rate Generator Tab. 3 DVA Continuity Schedule**

Question b. and c. of the staff preliminary questions on GA in the application asked for the reversal of the principle adjustments made in last year. Guelph stated that the principal adjustments of $(2,089,987) and $2,089,987 in accounts 1588 and 1589 respectively due a misallocation between the accounts for GA related to Non-RPP accounts were not one-time adjustments and were not required to be reversed.

1. Please explain when the adjustments of $2,089,987 were made into accounts 1588 and 1589 in the general ledger? If it was made in 2017 and included in the net principle transactions of the accounts, why it was not required to be adjusted?

**Staff Question - 9**

**Ref: Tab 5 of LRAMVA workform (Table 5-c)**

 **LRAMVA Workform, Tab 5, EB-2017-0044**

Consistent with the LRAMVA disposition in 2018 rates, the LRAMVA threshold established in Guelph Hydro’s 2016 cost of service application is applied against actual savings in this year’s LRAMVA claim. It was determined from the last disposition that the 2011 to 2013 persisting savings were already included in the base load forecast in 2016.

1. Please confirm appropriateness of claiming persistence of 2011 to 2013 programs in 2017.
2. If Guelph agrees that 2014 to 2016 savings persistence in 2017 are eligible to be included in the LRAMVA, please remove the rate class specific 2011, 2012 and 2013 savings persistence from Table 5-c.

**Staff Question -10**

**Ref: Tab 5 of LRAMVA workform (Table 5-c)**

1. Please confirm whether the project was undertaken as part of an IESO CDM program (for example, the Business Retrofit Program)
2. If no to a) above, please confirm appropriateness of claiming demand savings from the streetlight project in 2017.
3. If yes to a) above, please confirm whether the energy savings for the streetlight project were accordingly reduced from the IESO CDM program for the year in which the streetlighting savings are requested to be claimed.
4. If the energy savings from the streetlight program are removed from the IESO CDM program, please confirm the energy savings to be claimed on the IESO CDM program. Staff would like to ensure there is double counting of savings from the streetlighting project.

**Staff Question - 11**

**Ref: Tab 8 of LRAMVA workform**

1. Please confirm the period over which savings are calculated (for example, from January to December 2017).
2. Please confirm whether a monthly breakdown of streetlight savings can be provided from Guelph’s billing data which reconciles with annual savings requested for approval.
3. Please confirm that Guelph has used the same persistence savings factor from the energy retrofit program and applied this persistence factor against streetlight savings.
4. Please confirm appropriateness of the net-to-gross factor (i.e., 1.01) applied to 2017 streetlighting savings to reduce for the potential for free riders. For example, is the net-to-gross (NTG) factor applied reflective of a similar project undertaken by the IESO in order to appropriately apply to streetlight savings? Based on past applications, Staff has seen NTG ranges between 60-80%.

**Staff Question - 12**

Ref: Tab 2 of LRAMVA workform

1. Please change cell D9 to indicate the year in which the LRAMVA threshold was established, rather than the year in which the threshold applies.

**Staff Question - 13**

1. Please confirm the revised LRAMVA amount requested for disposition.
2. Please confirm any changes to the LRAMVA workform in “Table A-2. Updates to LRAMVA Disposition (Tab 2)”.
3. If LDC made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.