

# Festival Hydro Inc. (Festival Hydro)

2019 IRM Application

EB-2018-0032

Application Analysis

September 11, 2018

### Staff Question #1

### Ref: Rate Generator Model - Tab 1 Information Sheet

Tab 1 of the Rate Generator Model indicates that the rate year in which Group 1 Accounts were last cleared was 2017. OEB staff notes that Festival Hydro was approved for disposition in EB-2017-0040 (i.e. the 2018 rate year).

Please confirm if Festival Hydro agrees and OEB staff will make the necessary correction to the model.

**Festival Response:** Yes, confirm the Group 1 Accounts were last cleared in 2018.

Incentive Regulation Model for 2019 Filers	
	Version 1.0
Utility Name	Festival Hydro Inc.
Assigned EB Number	EB-2018-0032
Name of Contact and Title	Erin Smith, Finance & Regulatory Manager
Phone Number	519-271-4703 ext 224
Email Address	esmith@festivalhydro.com
We are applying for rates effective	Tuesday, January 1, 2019
Rate-Setting Method	Price Cap IR
Please indicate in which Rate Year the Group 1 accounts were last cleared <sup>1</sup>	2017
Please indicate the last Cost of Service Re-Basing Year	2015

## Staff Question #2

### Ref: IRM Model Tab 3: Account 1580 RSVA – Wholesale Charge Variance Account

The “OEB-Approved Disposition during 2017” in Account 1580 in 2017 that Festival Hydro reported in the continuity schedule is a credit of \$374,546 and \$17,409 for interest. OEB staff notes that as per the 2017 IRM Decision and Order<sup>1</sup>, the principal and interest disposition in Account 1580 was a credit of \$516,917 and \$19,456.

		2017					
Account Descriptions	Account Number	OEB Approved Disposition during 2017	Principal Adjustments <sup>1</sup> during 2017	Closing Principal Balance as of Dec 31, 2017	Opening Interest Amounts as of Jan 1, 2017	Interest Jan 1 to Dec 31, 2017	OEB Approved Disposition during 2017
<b>Group 1 Accounts</b>							
IV Variance Account	1550	102,946		94,812	2,788	855	2,334
Smart Metering Entity Charge Variance Account	1551	(2,350)		(4,313)	34	(50)	49
RSVA - Wholesale Market Service Charge <sup>2</sup>	1580	(374,546)		104,399	(19,302)	(739)	(17,409)
Variance WMS - Sub-account CBR Class A <sup>1</sup>	1580			0	24	(24)	
Variance WMS - Sub-account CBR Class B <sup>2</sup>	1580	142,371		(47,292)	1,913	(415)	2,047
RSVA - Retail Transmission Network Charge	1581	36,859		97,449	1,677	537	1,840
RSVA - Retail Transmission Connection Charge	1588	(168,348)		25,115	(1,588)	183	(1,227)
RSVA - Power <sup>1</sup>	1508	(87,309)		(50,269)	5,661	2,164	2,844
RSVA - Global Adjustment <sup>1</sup>	1589	(289,445)	(52,979)	436,818	79	5,396	(2,580)
Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>3</sup>	1595			0	0		
Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>3</sup>	1595			0	0		
Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>3</sup>	1595			0	0		
Disposition and Recovery/Refund of Regulatory Balances (2015) <sup>3</sup>	1595			0	(53,814)		(53,814)
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1595		(7,859)	(13,393)	35,834	(34,014)	
Disposition and Recovery/Refund of Regulatory Balances (2017) <sup>3</sup>	1595	834,034	7,859	(80,515)	0	(8,927)	14,348
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited.</i>	1595			0	0		
<b>RSVA - Global Adjustment</b>	1589	(289,445)	(52,979)	436,818	79	5,396	(2,580)
<b>Total Group 1 Balance excluding Account 1589 - Global Adjustment</b>		188,859	0	128,791	(27,003)	(40,450)	(19,218)
<b>Total Group 1 Balance</b>		196,214	(52,979)	562,612	(26,924)	(35,055)	(51,798)
<b>LRAM Variance Account (only input amounts if applying for disposition of this account)</b>	1688			278,301	2,138	2,625	
<b>Total Including Account 1568</b>		196,214	(52,979)	840,913	(24,786)	(32,430)	(51,798)

The “Principal Disposition during 2018 – instructed by OEB” and “Interest disposition during 2018 – instructed by OEB” in Account 1580 in 2018 that Festival Hydro reported in the continuity schedule is a credit of \$23,349 and \$260. OEB staff notes that as per the 2017 IRM Decision and Order<sup>2</sup>, the principal and interest disposition in Account 1580 was a debit of \$2,163 and \$180 for interest.

<sup>1</sup> EB-2016-0070

<sup>2</sup> EB-2017-0040

		2018			
Account Descriptions	Account Number	Principal Disposition	Interest Disposition	Closing Principal Balances as of Dec 31, 2017 Adjusted for Disposition during 2018	Closing Interest Balances as of Dec 31, 2017 Adjusted for Disposition during 2018
		during 2018 - instructed by OEB	during 2018 - instructed by OEB		
<b>Group 1 Accounts</b>					
TV Variance Account	1550	47,397	1,023	47,215	288
Smart Metering Entity Charge Variance Account	1551	(2,550)	(46)	(1,763)	(19)
RSVA - Wholesale Market Service Charge <sup>3</sup>	1580	(23,319)	(200)	127,118	(2,312)
Variance WMS - Sub-account CBR Class A <sup>5</sup>	1580			0	0
Variance WMS - Sub-account CBR Class B <sup>5</sup>	1580	(25,512)	(440)	(21,780)	(109)
RSVA - Retail Transmission Network Charge	1581	36,103	274	61,046	100
RSVA - Retail Transmission Connection Charge	1586	22,441	(92)	2,674	(106)
RSVA - Power <sup>4</sup>	1508	192,817	5,331	(243,005)	(150)
RSVA - Global Adjustment <sup>4</sup>	1589	168,167	4,677	268,651	3,377
Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>3</sup>	1505			0	0
Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>3</sup>	1595			0	0
Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>3</sup>	1595			0	0
Disposition and Recovery/Refund of Regulatory Balances (2015) <sup>3</sup>	1595			0	0
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1505			(13,393)	(856)
Disposition and Recovery/Refund of Regulatory Balances (2017) <sup>3</sup>	1595			(80,515)	(20,799)
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>					
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>	1505	(441,328)	(10,907)	441,328	10,907
<b>RSVA - Global Adjustment</b>	<b>1589</b>	168,167	4,677	268,651	3,377
<b>Total Group 1 Balance excluding Account 1589 - Global Adjustment</b>		(193,679)	(5,117)	319,173	(13,118)
<b>Total Group 1 Balance</b>		(25,512)	(440)	508,124	(9,741)
<b>LRAM Variance Account (only input amounts if applying for disposition of this account)</b>	<b>1668</b>			278,301	4,763
<b>Total including Account 1568</b>		(25,512)	(440)	866,425	(4,978)

- a) Please review all 1580 account entries. OEB staff is of the view that the balances in Account 1580 are being summed with sub-account CBR class A and class B.
- b) Please provide explanation for the above noted discrepancies and make necessary adjustments to the continuity schedule in the 2019 IRM model.

**Festival Response:** Yes, the Account 1580 balances were being summed with the sub-account CBR class A and B. The continuity schedule has been updated in the 2019 IRM model.

**Staff Question #3**

**Ref: IRM Model – Tab 3: Account 1580 Variance WMS – Sub-account CBR Class B**

On tab 3 of the 2017 IRM model, it states “Account 1580 RSVA WMS balance inputted into this schedule is to exclude any amounts relating to CBR. CBR amounts are to be inputted into Account 1580, sub-accounts CBR Class A and Class B separately. There is no disposition of Account 1580, sub-account CBR Class A, accounting guidance for this sub-account is to be followed. If a balance exists for Account 1580, sub-account CBR Class A as at Dec. 31, 2017, the balance must be explained.”

OEB staff notes that the control account 1580 in the continuity schedule excludes balances in CBR Class A and CBR Class B; the control account in RRR includes the two sub-accounts’ balances. Therefore, in the variance column, it is expected to see a variance in cell BV23 only (equals the sum of CBR Class A and CBR Class B).

a) Please update Festival Hydro’s continuity schedule and submit through RESS.

**Festival Response:** Continuity schedule has been updated in the 2019 IRM model and submitted through RESS.

Account Descriptions	Account Number	Projected Interest on Dec-31-17 Balances		Total Interest	Total Claim	2.1.7 RRR		Variance RRR vs. 2017 Balance (Principal + Interest)
		Projected Interest from Jan 1, 2018 to Dec 31, 2018 on Dec 31, 2017 balance adjusted for disposition during 2018 <sup>1</sup>	Projected Interest from Jan 1, 2019 to Apr 30, 2019 on Dec 31, 2017 balance adjusted for disposition during 2018 <sup>2</sup>			As of Dec 31, 2017		
<b>Group 1 Accounts</b>								
UV Variance Account	1550	846		1,132	48,347	95,501		(0)
Smart Metering Entity Charge Variance Account	1551	(32)		(51)	(1,014)	(4,370)		(0)
RSVA - Wholesale Market Service Charge <sup>3</sup>	1580	2,250		(82)	127,000	101,607		(0)
Variance WMS - Sub-account CBR Class A <sup>4</sup>	1580			0	0	0		(0)
Variance WMS - Sub-account CBR Class B <sup>5</sup>	1580	(390)		(499)	(22,270)	(47,841)		(0)
RSVA - Retail Transmission Network Charge	1581	1,084		1,150	62,241	97,324		(0)
RSVA - Retail Transmission Connection Charge	1588	48		(58)	2,616	24,917		(0)
RSVA - Power <sup>6</sup>	1508	(4,357)		(4,507)	(247,592)	(45,067)		(0)
RSVA - Global Adjustment <sup>7</sup>	1589	4,810		8,193	276,843	444,672		(0)
Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>8</sup>	1595			0	0	0		(0)
Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>9</sup>	1595			0	0	0		(0)
Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>10</sup>	1595			0	0	0		(0)
Disposition and Recovery/Refund of Regulatory Balances (2015) <sup>11</sup>	1595			0	0	0		(0)
Disposition and Recovery/Refund of Regulatory Balances (2016) <sup>12</sup>	1595			0	0	0		(0)
Disposition and Recovery/Refund of Regulatory Balances (2017) <sup>13</sup>	1595	(240)		(1,006)	(14,480)	(14,240)		(0)
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>14</sup>	1595	(1,443)		(22,242)	0	(101,314)		(0)
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>	1595	7,911		18,818	0	0		(0)
RSVA - Global Adjustment	1589	4,816	0	8,193	276,843	444,672		(0)
<b>Total Group 1 Balance excluding Account 1589 - Global Adjustment</b>		5,727	0	(7,391)	(15,306)	155,100		47,841
<b>Total Group 1 Balance</b>		10,542	0	801	231,539	600,272		47,841
LRAM Variance Account (only input amounts if applying for disposition of this account)	1688	1,407		6,170	284,471	254,111		(28,563)
<b>Total Including Account 1568</b>		11,949	0	6,971	516,010	854,383		18,888

**Staff Question #4**

**Ref: Tab 6.1a GA Allocation – cell D20 Total Non-RPP Class B consumption**

**Ref: Tab 6.2a CBR B\_Allocation – cell D20 Total Class B consumption less WMP**

OEB staff is unable to reconcile the data entered in cells D20 in Tab 6.1a and Tab 6.2a. Below is a table that staff prepared showing the “Validation of Data used in class B GA and CBR Allocations”. Staff notes a discrepancy for the 2017 consumption figure that is used in the “GA allocation” and “CBR B Allocation” of 2019 IRM rate model as below.

This tab allocates the GA balance to transition customers (i.e Class A customers who were former Class B customers and Class B customers who were former Class A customers) who contributed to the current GA balance. The tables below calculate specific amounts for each customer who made the change. The general GA rate rider to non-RPP customers is not to be charged to the transition customers that are allocated amounts in the table below. Consistent with prior decisions, distributors are generally expected to settle the amount through 12 equal adjustments to bills.

Year the Account 1589 GA Balance Last Disposed

**Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers**

		Total	2017
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	233,157,072	233,157,072
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	72,841,931	72,841,931
Transition Customers' Portion of Total Consumption	C=B/A	31.24%	

This tab allocates the CBR Class B balance to transition customers (i.e Class A customers who were former Class B customers and Class B customers who were former Class A customers) who contributed to the current CBR Class B balance. The tables below calculate specific amounts for each customer who made the change. The general CBR Class B rate rider is not to be charged to the transition customers that are allocated amounts in the table below. Consistent with prior decisions, distributors are generally expected to settle the amount through 12 equal adjustments to bills.

Please enter the Year the Account 1580 CBR Class B was Last Disposed.  (Note: Account 1580, Sub-account CBR Class B was established starting in 2015)

**Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers**

		Total	2017
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	424,206,582	424,206,582
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	72,841,931	72,841,931
Transition Customers' Portion of Total Consumption	C=B/A	17.17%	351,364,651

Validation of Data used in Class B GA and CBR Allocations				
Festival Hydro				
Total metered volume Excl WMP	A		589,628,610	Source I26 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		397,481,779	Source C26 of tab 6.1 GA
Class A Full year	C		99,483,530	Source E26 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	76,986,356		=+F-E
While Class B	E	72,841,931		Source D21 of tab 6.1a GA Allocation
	F		149,828,288	Source G26 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		221,011,893	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		413,158,724	Input in D20 of tab 6.2a CBR_B Allocation

- a) Please provide an explanation for the discrepancies.
- b) Please update the model accordingly if applicable.

**Festival Response:** Model has been updated with revised amounts.

**Staff Question #5**

**Ref: Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)**

The OEB approved the disposition of Festival Hydro’s LRAMVA in its 2018 IRM for a debit balance of \$142,540. OEB staff notes that this amount is not shown in Tab 3 “Continuity Schedule” of the 2019 Rate Generator Model. Please confirm or explain why this amount is not included in the model.

**Festival response:** The continuity schedule has been updated to reflect the 2018 disposition amount approved for LRAM.

**Staff Questions #6**

**Ref: Tab 1, Table 1-b of LRAMVA workform (LRAMVA Summary)**

Festival Hydro applied for a debit balance of \$284,471 in lost revenues associated with new CDM program savings in 2017, including persisting savings from 2013 to 2016 in 2017 and carrying charges. In this total, there are unrecovered balances amounting to \$58,881 from 2015 and 2016 that were previously cleared balances in 1568 but are requested to be included in the claim.

Actual conservation savings were compared against Festival Hydro's forecasted conservation savings of 4,320,150 kWh included in the load forecast, which was set out in Festival Hydro's 2015 cost of service application.

- a) Please confirm the unclaimed amounts in 2015 and 2016 that Festival is requesting approval with the disposition of lost revenues in 2019.
- b) Please confirm the reasons why the LRAMVA amounts from 2015 and 2016 have not been fully recovered.
- c) Please confirm whether the unrecovered amounts can be transferred into 1595 for future recovery. If yes, please confirm that Festival agrees to withdraw these amounts from the disposition of LRAMVA claim, which is to approve of new lost revenues from 2017 CDM programs, and not retrospectively approve of unrecovered amounts from previous years into the current year disposition.
- d) Since LRAMVA amounts related to 2011 to 2016 have previously been approved, please confirm whether Festival agrees with clearing the approved LRAMVA account balances (cells D56 to R71) in order to calculate the correct interest amount on new LRAMVA claims.
- e) Please confirm that Table 1-a is updated, so that the totals in Table 1-a and Table 1-b match.

Festival Response:

- a) Festival notes that the additional savings included in the 2015/2016 summary is the result of changes to the verified savings report of the IESO and is being claimed in 2017 as persistence. It is the result of changes to the baseline assumptions on various programs for specific lighting measures that impacted the savings in 2015 and 2016. These adjustments have been highlighted on tab 5 of the LRAM workform. Festival notes that outside of these changes, and not included in the LRAM workform, there is a balance remaining uncollected from the approved 2015 LRAM claim of \$4,571.10 that Festival would request should be moved into 1595 to be recovered at a later time.
- b) The 2015/2016 increased savings achieved included in the LRAM workform is as a result of the baseline adjustment made by the IESO noted in (a) above. The \$4,571.10 remaining uncollected from the approved 2015 LRAM claim is as a result of consumption not being adequate to sufficiently recover the entire amount of the LRAM claim.
- c) The 2017 claim includes the impacts of the IESO's changes made in the 2017 verified results report. The \$4,571.10 can be transferred into 1595 to be recovered at another time.
- d) Please refer to response to item "a".
- e) Done.

**Staff Question #7**

**Ref: Tab 2, Table 2-c. (Inputs for LRAMVA Thresholds) of LRAMVA workflow**

- a) Please complete Table 2-c by selecting the year of the LRAMVA threshold in the drop-down menu, as this identifies the amount of the forecast savings applied against actuals in the LRAMVA calculation.
- b) To ensure that the LRAMVA thresholds are identified correctly, please modify the current drop-down selections so that Table 2-a and Table 2-b both show “2015” (cell D9 and D24) to indicate the year in which the LRAMVA threshold was established.

**Festival Response:**

- a) Done
- b) Done

**Staff Question #8**

**Ref: Tab 3. (Distribution Rates) of LRAMVA workflow**

- a) Please confirm accuracy of the distribution rates used for the General Service 50 to 4,999 kW class, Large Use class, and Residential class.
- b) Please revise Table 3 and Table 3-a, as appropriate.

**Festival Response:**

- a) Table 3 column headings were not included in the same order as the headings with the links included in table 3-a. Table 3 has been revised so the formulas in table 3a are relevant.
- b) Done.

**Staff Question #9**

**Ref: Tab 5. (2015-2020 LRAM) of LRAMVA workflow**

Please note, as per Chapter 3 filing requirements, that adjustments to previously approved amounts cannot be made. However, adjusted savings amounts that are verified by the IESO can be claimed in the LRAMVA on a go-forward basis.

- a) Please confirm that Table 5-a and Table 5-b includes verified savings adjustments identified in IESO final results reports that are applicable to 2015 and 2016.
- b) Please confirm that any proposed adjustments to 2015 and 2016 that persist into 2017 can be cross-referenced to the 2017 Final Verified Annual LDC CDM Program Results Report, as submitted.



Festival Response:

- a) Confirmed.
- b) Confirmed.

**Staff Question #10**

**Ref: IESO Settlement Process (pg. 6)**

The applicant states:

*“Festival uses billed data to calculate a prorated amount of usage for settlement. Two months prior to a settlement month Festival uses billed data to determine actual usage and produces a true-up amount. At the end of the fiscal year Festival accrues for any of the years [sic] usage that is billed in the prior months.”*

OEB Staff require further clarification on the applicant’s settlement processes.

- a) Please confirm that the applicant meant to say that Festival uses billed data to determine actual usage to produce a true-up amount subsequent to a settlement month, rather than prior to a settlement month. If not, please clarify this statement.

Festivals Response: Correct, actual usage is used to produce the true-up.

- b) Please confirm that the applicant meant to say that at the end of the fiscal year, Festival accrues for any of the year’s usage that is billed in subsequent months, rather than prior months. If not, please clarify this statement.

Festivals Response: Correct, Festival accrues for any year’s usage that is billed in subsequent months.

- c) Please confirm that the billed data used to true-up a calendar month’s settlement amounts is the actual consumption for RPP and Non-RPP customers in a particular month, rather than the amounts billed.

Festivals Response: Correct, the billed data used to true-up a calendar months settlement is the actual consumption.

- d) Please confirm that all true-up adjustments pertaining to calendar 2017, for both price variances and quantity variances for RPP and NON-RPP consumption, are reflected in the 2017 closing balances of accounts 1588 and 1589.

Festivals Response: Yes, the true-up adjustments pertaining to 2017 are reflected in the 2017 closing balances of accounts 1588 and 1589.

**Staff Question #11**

**Ref: GA Analysis Workform – Appendix A Questions on Accounts 1588 and 1589**

In response to Question 4.a. of Appendix A in the GA Analysis Workform Instructions, the applicant indicated that they did not have any principal adjustments approved for disposition in its 2018 rate proceeding. The applicant also indicated in Question 4.d.:

*“Festival has a principle adjustment in account 1589 for \$-52,979 which is the reversal of the 2016 true-up owing to the IESO included as a principle adjustment in 2017 in the 2018 IRM model.”*

Please confirm the following, or alternatively, provide clarification of the circumstances:

In the 2018 rate proceeding (EB-2017-0040), the applicant recorded a principal adjustment of \$52,979 in 2016, for amounts pertaining to calendar months in 2016, but were recorded in the general ledger of fiscal 2017. This amount was approved in the balances requested for disposition. In the current rate proceeding, the applicant has recorded a principal adjustment in 2017 in the amount of (\$52,979) to reverse the impact of transactions pertaining to 2016 that were recorded during 2017.

**Staff Question #12**

**Ref: GA Analysis Workform**

The applicant's 2018 rate application (EB-2017-0040) included a GA Analysis Workform for the fiscal year 2016, which included reconciling item 1b, for amounts owing to the IESO for 2016 that were filed in February 2017, in the amount of \$52,979.

Please explain why a credit entry of (\$52,979) has not been entered in the 2017 GA Analysis Workform under reconciling item 1a, to reverse the effect of adjustments recorded in fiscal 2017 that pertained to prior years. Please adjust the GA Analysis Workform accordingly.

**Festival Response:**

When preparing the GA analysis workform for the 2019 application, Festival did review the 2018 GA workform and concluded that the \$52K adjustment had been included on the workform last year in error in that the adjustment for that true up had actually been accounted for in the December balances included in the GL and therefore did not need to be adjusted on the workform.

**Staff Question #13**  
**Ref: GA Analysis Workform**

Please confirm that all GA revenues associated with Class A customers have been accrued on the same basis as the IESO costs accrued for those customers, and that no balances pertaining to Class A customers are represented in the closing amounts of Account 1589.

Confirmed

**Staff Question #14**  
**Ref: GA Analysis Workform**

Festival Hydro did not input data in columns G “Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)” and H “Add Current Month Unbilled Loss Adjusted Consumption (kWh)”. Please explain why no data is inputted and revise the GA Analysis Workform as needed.

Note 4 Analysis of Expected GA Amount				
Year	2017			
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)
	F	G	H	I = F-G+H
January	25,670,439			25,670,439
February	25,035,362			25,035,362
March	27,345,285			27,345,285
April	25,062,547			25,062,547
May	25,866,216			25,866,216
June	25,249,849			25,249,849
July	12,982,597			12,982,597
August	13,244,192			13,244,192
September	12,670,392			12,670,392
October	12,828,738			12,828,738
November	12,585,596			12,585,596
December	12,625,879			12,625,879
<b>Net Change in Expected GA Balance in the Year (i.e. Transactions In the Year)</b>	<b>233,157,072</b>	<b>-</b>	<b>-</b>	<b>233,157,072</b>

Festival response:

Festival updates consumption on a rolling monthly basis once actual consumption is known. For example – actual January consumption is available once we have our March YTD billing stats and so when we are processing March, we would update January consumption to actual so that the balance in the VR accounts is as accurate as possible.

At year end, we have actual data for each month in the calendar year by end of February in the following year, prior to our year close – and in that way we can ensure that we have actual billed consumption data for each calendar month in that fiscal year.

The data included in column F is actual consumption data and therefore unbilled adjustments were not included in columns G & H.

**Staff Question #15**

**Ref: GA Analysis Workform**

Festival Hydro's approved loss factor is 1.0291 and the calculated loss factor from the GA Analysis Workform is 1.0624, a difference of 3.24%. Please explain the difference and revise the GA Analysis Workform as needed.

Festival response:

The summary data included in cells D14 through D18 from Festival's RRR filing analyzed RPP versus non-RPP consumption at a rate class level by taking billed stats prior to loss factor uplift and backing out retailer consumption for RPP rate classes. Festival's retailer stats available from the billing system cannot be provided in such a way so as to give accurate calendar year data which makes it difficult to provide RPP versus non-RPP consumption data for the fiscal year by rate class as required in the RRR filing.

The class B consumption data by month included in C38-50 in the GA workform is taken from a billing stats report that is sorted by billed global adjustment amount, which identifies the month the consumption related to.

Festival is confident in the monthly non-RPP consumption data provided in C38-50 and is reviewing ways to query our customer information system in order to provide a more accurate split of RPP and non-RPP data by rate class as required by the RRR filings.

**Staff Question #16**

**Ref: GA Analysis Workform**

The applicant has included an amount of \$273,058 as reconciling item 7 – differences in actual system losses and billed TLFs. The applicant has noted the billed loss factor as 1.0291 and the actual loss factor as 1.017.

OEB staff notes that formula in this adjusting entry (cell C72) is computed by subtracting the total value of transactions in the year, \$321,630 (cell C62), from the expected GA variance of \$594,668 (cell K51).

- a) Please confirm that the applicant has prepared this adjustment under the assumption that all differences between the expected GA variance and the actual transactions recorded in the general ledger must be attributable to differences between the approved and actual total system losses.
- b) Please explain how the actual loss factor of 1.017 was determined.

Festival Response:

- a) Festival prepared the adjustment based on the actual loss factor calculated at 1.017. See response to part B for how this was calculated.
- b) To calculate the actual loss factor Festival experienced in the year, Festival utilized total system load data as provided by a third-party service. This load was compared to billed non-uplifted load in order to calculate the actual loss factor experiences in the year.