

**OEB Staff Questions  
for Kitchener-Wilmot's 2019 IRM Application  
(EB-2018-0048)**

**Staff-1**

**Ref: DVA Continuity Schedule (2017 principal adjustments for a/c 1589); GA Analysis Workform (Note 5)**

Pre-amble

In the DVA continuity schedule, Kitchener-Wilmot recorded \$2,341,671 in principal transactions during 2017 in account 1589.

As well, there were principal adjustments of (\$1,103,622) in account 1589 in the DVA continuity schedule which related to reconciliation items 1a and 1b from the GA Analysis Workform:

Account 1589:  $(\$1,103,622) = (\$1,801,767) + \$698,145$

In the GA Analysis Workform, it showed an unresolved difference of -0.9% of expected GA payments based on three reconciliation amounts.

Note 5 <u>Reconciling Items</u>		
	Item	Amount
	<b>Net Change in Principal Balance in the GL (i.e.</b>	<b>\$ 956,974</b>
1a	True-up of GA Charges based on Actual Non-RPP Volumes - prior year	\$ 1,801,767
1b	True-up of GA Charges based on Actual Non-RPP Volumes - current year	-\$ 698,145
6	Differences in GA IESO posted rate and rate charged on IESO invoice	-\$ 1,880,027
7	Differences in actual system losses and billed TLFs	
8	Others as justified by distributor	

Questions

- a. Net Change in Principal Balance in the GL

The amount shown on the GA Analysis Workform does not match the amount under the "Transactions" column for 2017. Please correct the GA Analysis Workform, as necessary.

*KWHI has corrected the GA Analysis Workform - Net Change in Principal Balance in the GL to \$2,341,671 as requested.*

b. Item 1a

Reconciliation item 1a is correctly shown as a reversing entry on the DVA continuity schedule (a credit balance). However, it is shown as a debit adjustment under 1a of the GA Analysis Work Form. Please correct the GA Analysis Workform, as necessary.

*KWHI has corrected the GA Analysis Workform - Reconciliation Item 1a to match the DVA continuity schedule.*

c. Item 1b

The amount shown for item 1b is a credit on the GA Analysis Work Form, but it is a debit under the "Principal Adjustments" column for 2017. Please confirm the sign on reconciliation item 1b and make the necessary corrections to the DVA continuity schedule and/or GA Analysis Workform.

*KWHI has corrected the GA Analysis Workform - Reconciliation Item 1b to match the DVA continuity schedule.*

d. Item 6

- i. Please provide supporting documentation in table format, and provide a description of the additional charges of \$1,880,027 from the IESO.

*KWHI has revised the GA Analysis Work Form to exclude this number. Further analysis has determined that the GA rate reflects the IESO adjustments and there is no impact on KWHI.*

- ii. Please confirm whether or not the additional charges were allocated between RPP customers and non-RPP customers. If allocated between the two groups of customers, please provide support for the allocation calculations. If not allocated between the two groups of customers, please explain why not and why it was appropriate to apply this entire amount to the non-RPP customer group.

*N/A see above*

- iii. Please confirm the total GA amount charged to account 4707, excluding RSVA transfers to account 1589 (if any). Please confirm whether the difference of (\$1,880,027) in billing errors can be reconciled against the amounts paid to the IESO at actual GA rates.

*N/A see above*

If the unresolved difference exceeds the +/- 1% materiality threshold, please provide additional analysis to explain the variances.

N/A

## Staff-2

### Ref: Appendix A Responses re: Questions 2 & 3 on a/c 1588 and 1589

a. Kitchener-Wilmot's response to Question 2.b

Kitchener-Wilmot did not answer the question on the true-up of CT 1142 (formerly CT 142). OEB staff notes that CT 1142/142 is the aggregate difference between the RPP amounts charged to customers based on RPP volumes at each RPP price (i.e. TOU & Tier 1 & 2 prices) and the HOEP + GA amounts based on RPP volumes. Please describe how Kitchener-Wilmot ensures that this true-up is performed based on actual consumption at each RPP price.

- *Forecast is submitted on the fourth business day (i.e. June is submitted on the fourth business day of July)*
- *Also submitted on that day is a true-up for the actual volumes and the final GA price for the period March 2017 – October 2016*
- *Code 0142/1142 is the sum of the forecast for June plus the actual volume \* the actual GA price for Mar 2017 – October 2016 for TOU and Tier 1 & 2 consumption*
- *Code 0142 reflects the adjustment to the RPP customer from the estimate and includes 6 months of true up.*

b. Kitchener-Wilmot's response to Question 2.c

Kitchener-Wilmot indicated that November and December 2017 true-ups are not included in the amounts in this application. Under section 3.2.5.3 of Chapter 3 Filing Requirements, applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in the RSVA - Power (account 1588) and RSVA - GA (account 1589) variance accounts.

Please update the DVA continuity schedule and GA Analysis Workform, as appropriate, per Chapter 3 requirements.

*Completed. At the time the application was filed final true ups had not yet been completed for December. The December true-up is now complete and the new amount is \$698,162*

- c. In response to Question 2.f, Kitchener-Wilmot indicated that \$698,145 is the amount of true-up for 2017 for CT 1142 reflected in the DVA continuity schedule. In response to Question 3.g, Kitchener-Wilmot indicated that \$698,145 is included on the DVA continuity schedule with respect to the true-up of CT 148. Please explain how \$698,145 relates to both of these CTs. Does the

\$698,145 true-up relate to the May to October 2017 period?

*Yes, the \$698,145 relates to the May – October 2017 period. This number has since been updated to \$698,162 to reflect the period May 2017 – December 2017.*

*In order to determine the amount of GA to allocate to the non-RPP customer (CT 148), KWHI uses the total actual GA dollars and subtracts the RPP consumption times the GA price to give the non-RPP dollars. Therefore any true-up done to the RPP consumption or GA price has an opposite effect on the non-RPP consumption.*

*CT 0142/1142 and CT 148 are different and serve different purposes, but for KWHI, we use the RPP consumption to determine the allocation for non-RPP consumption. This is why the \$698,162 relates to both CTs'*

- d. Please confirm Kitchener-Wilmot made a GL entry for the true-up adjustments in 1588 and 1589 from the 2018 proceeding and for the adjustment amounts considered in the 2019 application. Please confirm when the GL entries for the adjustments were made.

*Confirmed. The GL entries are made in the month of the true up. i.e. December true-up were done in March - September*

### **Staff-3**

**Ref: Tab 6.1a/Tab 6.2a of IRM Rate Generator Model (2017 non-RPP class B consumption and 2017 total class B consumption); Validation Spreadsheet (attachment)**

#### Pre-amble

OEB staff could not reconcile the Total Non-RPP Class B and Total Class B consumption determined by Kitchener-Wilmot to calculate GA and CBR recoveries from transition customers. OEB staff has created and populated a spreadsheet with consumption amounts from the RRR data in Kitchener-Wilmot's IRM rate generator model.

#### Questions

- a. Please confirm accuracy of the consumption amounts in the attached spreadsheet and indicate whether Kitchener-Wilmot is in agreement with the consumption figures. If yes, please make the necessary revisions to Tab 6.1a and Tab 6.2a in the DVA continuity schedule.

*KWHI confirms the accuracy of the consumption amounts and has made the changes in the Tab 6.1a and Tab 6.2a the IRM Rate Generator. In addition, KWHI*

*has had to change the GA Workform, for a typographical error in the Class A consumption amounts and to ensure consistency between Tab 6.1a and the GA Workform.*

**Staff-4**

**Ref: Tab 4 of IRM Rate Generator Model (allocation a/c 1595(2016) balance)**

Pre-amble

Based on the rate class allocations for account 1595(2016) balances, the recovery of the residual balance in 1595(2016) has exceeded 100%.

Rate Class	Unit	1595 Recovery Proportion (2016) <sup>1</sup>
RESIDENTIAL SERVICE CLASSIFICATION	kWh	54.00%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	14.00%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW	30.40%
LARGE USE SERVICE CLASSIFICATION	kW	0.70%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	0.70%
STREET LIGHTING SERVICE CLASSIFICATION	kW	0.10%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	0.50%
STANDBY POWER SERVICE CLASSIFICATION	kW	0.00%
<b>Total</b>		100.40%

Question

- a. Please confirm the recovery proportions by rate class and make adjustments accordingly so the exact amount of \$36,703 in account 1595(2016) is disposed.

*The IRM Generator cannot display the values beyond the decimal place. KWHI has made the revision to Tab 4. Billing Det. For Def-Var in the IRM Rate Generator so that the total equals 100%.*