

OEB Staff Interrogatories on Brantford Power's 2019 IRM Application (EB-2018-0020)

Staff-IR 1

Ref: Response 4 d of Appendix A (2015 principal adjustments for a/c 1588 and 1589); DVA Continuity Schedule (corrections to 2015 approved RSVA a/c 1588 and 1589); Application Pages 20 and 23

Pre-amble

OEB staff notes that the applicant has adjusted its 2015 variance account balances, which were already approved for final disposition in 2017 for accounts 1588 and 1589.

Brantford Power proposes to adjust 2015 approved balances in order to use the credit amount of \$925,092 (it should have returned to RPP customers in 2015) to offset \$747,655 owed by RPP customers in 2016.

Staff has re-produced the table in Response 4d of Appendix A:

Principal Adjustment Column	Description of Adjustment	1588	1589	Total	Year Adjustment made in G/L	Application Reference	
AL - Principal adjustments for 2015	ODS Data Correction - Remapping GA/CoP	\$ (645,208)	\$ 645,208	\$ -	2018	Page 19	} 2015
AL - Principal adjustments for 2015	ODS Data Correction - IESO settlement	\$ (279,884)		\$ (279,884)	2017	Page 18	
Sub-total 2015		\$ (925,092)	\$ 645,208	\$ (279,884)			
AV - Principal adjustments for 2016	ODS Data Correction - Remapping GA/CoP	\$ 371,340	\$ (371,340)	\$ -	2018	Page 19	} 2016
AV - Principal adjustments for 2016	ODS Data Correction - IESO settlement	\$ 375,315		\$ 375,315	2017	Page 18	
Sub-total 2016		\$ 746,655	\$ (371,340)	\$ 375,315			
BF - Principal adjustments for 2017	December 2017 True up	\$ (127)	\$ (537)	\$ (664)	2018	Page 17	
Sub-total 2017		\$ (127)	\$ (537)	\$ (664)			
Total of all adjustments to Principal		\$ (178,564)	\$ 273,331	\$ 94,767			

Questions

- If the OEB does not approve of retroactive adjustments to 2015 approved balances, please provide the adjustment to reverse the correction that was already made to 2015 principal balances.

		Balance proposed for disposition (as currently reflected in application) a	Retroactive amount included in balance proposed for disposition b	Adjusted balance after removal of retroactive amount a-b
RSVA Power	1588			
RSVA Global Adjustment	1589			

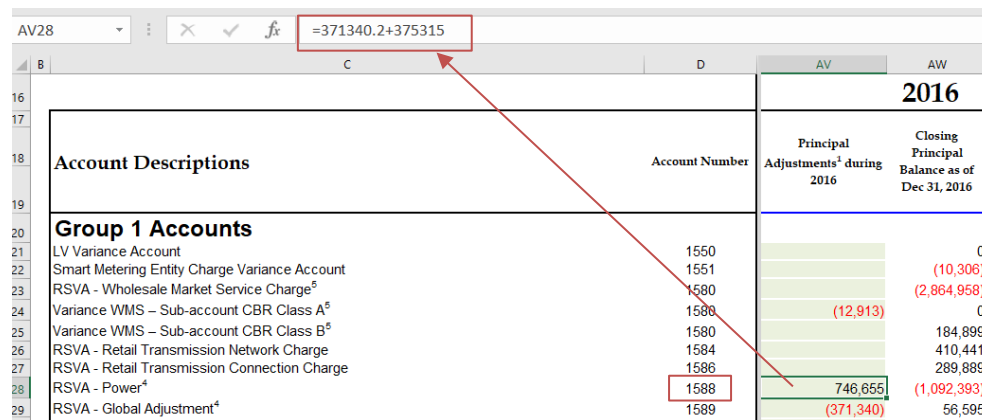
- b. Please quantify and explain all adjustments and reversals in the DVA continuity schedule that relate to the correction to 2015 RSVA 1588 and 1589 balances, if the request to correct 2015 approved balances is not granted.
- c. In the context of past rulings against retroactivity, such as that decided by the OEB in Kitchener-Wilmot's 2018 [Decision and Order](#) denying corrections to approved RSVA balances, please provide rationale to support the case that Brantford Power be granted approval to have previously approved balances corrected.
- d. Please provide more details on how \$279,884 was overcharged by the IESO to the distributor in 2015 (which is proposed to be returned to RPP customers, if a retrospective adjustment were approved) due to settlement data corrections in account 1588. For example, how were the amounts calculated, what data was used, and why did errors occur from the ODS third party provider?

Staff-IR 2

Ref: Response 4d of Appendix A (2016 principal adjustments for a/c 1589); 2016 GA Analysis Workform (note 5); DVA Continuity Schedule (a/c 1588 and 1589)

Pre-amble

The sum of "Principal Adjustments during 2016" for account 1588 during 2016 was \$746,655 made up of i) a debit adjustment of \$371,340 due to remapping of RPP/non-RPP costs and ii) a debit adjustment of \$375,315 in IESO settlement corrections in 2016. The amounts reconcile with the adjustments noted in Appendix A.



		AV	AW
		2016	
Account Descriptions	Account Number	Principal Adjustments ¹ during 2016	Closing Principal Balance as of Dec 31, 2016
Group 1 Accounts			
LV Variance Account	1550		0
Smart Metering Entity Charge Variance Account	1551		(10,306)
RSVA - Wholesale Market Service Charge ⁵	1580		(2,864,958)
Variance WMS – Sub-account CBR Class A ⁶	1588	(12,913)	0
Variance WMS – Sub-account CBR Class B ⁶	1580		184,899
RSVA - Retail Transmission Network Charge	1584		410,441
RSVA - Retail Transmission Connection Charge	1586		289,889
RSVA - Power ⁴	1588	746,655	(1,092,393)
RSVA - Global Adjustment ⁴	1589	(371,340)	56,595

In account 1589, (\$371,340) was recorded as a principal adjustment comprised of the following amounts:

are the same in both the DVA continuity schedule and GA Analysis Workform as it relates to account 1589.

- i. Considering items 1b and 9, are true-up adjustments of GA charges related to the current year in account 1589, please confirm the amounts and update the appropriate amount to ensure consistency with the DVA continuity schedule, and resubmit the GA Analysis Workform as required.
- ii. Please explain what the adjustments of \$273,868 and (\$645,208) recorded in account 1589 in the DVA continuity schedule relate to and why they were included.
- iii. Please provide more details with respect to the \$371,340 adjustment which is recorded as a debit in the 2016 GA analysis workform (e.g., how this adjustment was calculated, data used for the calculations, rationale).

c) Item 7

In its 2016 GA Analysis Workform, Brantford Power included reconciliation item 7 for \$226,198 relating to the actual system losses versus billed total loss factors.

- i. Please provide the detailed calculation to show how the \$226,198 difference was derived.
- d) If the unresolved difference exceeds +/- 1% materiality threshold based on potential revisions to the interrogatories above, please provide additional analysis to explain the variances.
- e) As shown in the table in Response 4.d reproduced from Appendix A, there were IESO settlement corrections recorded in account 1588. These corrections include i) a credit amount of \$279,884 in 2015 and ii) a debit amount of \$375,315 in 2016. Staff noticed that these IESO settlement corrections are entered as principal adjustments in each of their respective years for account 1588.
- i. Please confirm that the transactions recorded in Brantford Power's 2017 G/L were also recorded in the 2017 "Transactions Column" of the DVA continuity schedule. If yes, why were the principal adjustments regarding these transactions not reversed in the "Principal Adjustments for 2017 Column" in the DVA continuity schedule? If adjustments were not reversed in the "Principal Adjustments for 2017", please update the DVA continuity schedule to show the reversals of these adjustments.

Staff-IR 3

Ref: 2017 GA Analysis Workform (note 5); DVA Continuity Schedule (a/c 1588 and 1589)

	Item	Amount	
	Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	\$ 282,626	←
1a	True-up of GA Charges based on Actual Non-RPP Volumes - prior year		
1b	True-up of GA Charges based on Actual Non-RPP Volumes - current year	-\$ 537	←
2a	Remove prior year end unbilled to actual revenue differences		
2b	Add current year end unbilled to actual revenue differences		
3a	Remove difference between prior year accrual/forecast to actual from long term load transfers		
3b	Add difference between current year accrual/forecast to actual from long term load transfers		
4	Remove GA balances pertaining to Class A customers		
5	Significant prior period billing adjustments recorded in current year		
6	Differences in GA IESO posted rate and rate charged on IESO invoice		
7	Differences in actual system losses and billed TLFs	\$ 283,763	←

Questions

a. Net Change in Principal Balance in the GL

The transactions balance of \$282,626 in the 2017 GA Analysis Workform does not agree with the transactions amount of \$283,552 in the DVA continuity schedule.

- i. Please explain the discrepancy and make appropriate revisions to the models, as required.

b. Item 1b

Considering item 1b relates to true-up of GA charges for the current period, please confirm whether the credit sign on reconciliation item 1b is correct.

c. Item 7

In its 2017 GA Analysis Workform, Brantford Power included reconciliation item 7 for \$283,763 relating to the actual system losses vs billed total loss factors.

- i. Please provide the detailed calculation to show how the \$283,763 difference was derived.

Staff-IR 4

Ref: Application Page 21 of 33; 2016 and 2017 GA Analysis Workform (re: unbilled revenues)

Pre-amble

In the application, Brantford Power notes the following:

For 2016, the opening and closing unbilled revenue for each month was not readily available. As such, Brantford Power provided only the change in unbilled GA revenue for 2016 on a month over month basis. In the 2016 GA Analysis Workform, Brantford Power confirmed that for reconciliation items 2 a) and b) it accrues unbilled revenues based on actual billings. Therefore, no adjustments for these reconciliation items appear to be made in the 2016 GA Analysis Workform.

For 2017 portion of the reconciliation, Brantford Power notes that the data was available. Rather than the change month over month, it has reflected the opening and closing unbilled GA revenue.

Questions

- a. For the 2016 GA Analysis Workform, Brantford Power confirmed in the explanation reconciliation items 2 a) and b) that Brantford Power accrues unbilled revenues based on actual billings. When is the actual billing data known?
- b. As Brantford Power explains that its 2016 unbilled revenues are accrued based on actuals. When does Brantford Power close its books in order to have actual data used for accruals of unbilled revenues?

Staff-IR 5

Ref: DVA Continuity Schedule (2015 and 2016 interest adjustments related to RSVA a/c 1588 and 1589 corrections); Table 1.5.6-G of Application (page 19 of 33)

Pre-amble

The 2015 and 2016 interest adjustments in accounts 1588 and 1589 in Table 1.5.6-G of the Application could not be reconciled against the amounts in the DVA continuity schedule.

Table 1.5.6-G shows an interest adjustment of (\$56,487) in account 1588 and \$56,487 for account 1589 in 2015, and \$22,559 in account 1588 and (\$22,559) in account 1589 in 2016.

Table 1.5.6-G: ODS Data Correction- Remapping of Power Purchases

Adjustments TO 2015 (made in 2018)				
	1588	1589	Total	
Principle	\$ (645,208)	\$ 645,208	\$ -	
Interest	\$ (56,487)	\$ 56,487	\$ -	
Sub-total 2015	\$ (701,695)	\$ 701,695	\$ -	
Adjustments TO 2016 (made in 2018)				
	1588	1589	Total	
Principle	\$ 371,340	\$ (371,340)	\$ -	
Interest	\$ 22,559	\$ (22,559)	\$ -	
Sub-total 2016	\$ 393,899	\$ (393,899)	\$ -	
TOTAL Adjustment	\$ (307,796)	\$ 307,796	\$ -	

2015

2016

In the DVA continuity schedule, an interest adjustment of (\$19,516) in 2015 was recorded in account 1588, based on the calculation circled below, rather than (\$56,487) noted in Table 1.5.6-G. Furthermore, an interest adjustment of \$11,968 in 2015 was recorded in account 1589, rather than \$56,487 noted in Table 1.5.6-G.

B18		= -11967.59-7550				
B19		C				
		2015				
Account Descriptions	Account Number	Closing Principal Balance as of Dec 31, 2015	Opening Interest Amounts as of Jan 1, 2015	Interest Jan 1 to Dec 31, 2015	OEB-Approved Disposition during 2015	Interest Adjustments ¹ during 2015
Group 1 Accounts						
LV Variance Account	1550	0	0	0	0	
Smart Metering Entity Charge Variance Account	1551	(9,014)	664	(10)	693	
RSVA - Wholesale Market Service Charge ⁵	1580	(2,253,822)	(42,118)	(9,938)	(40,896)	
Variance WMS – Sub-account CBR Class A ⁵	1580	17,193	0	49	0	
Variance WMS – Sub-account CBR Class B ⁵	1580	226,094	0	754	0	
RSVA - Retail Transmission Network Charge	1584	375,090	10,622	6,653	6,808	
RSVA - Retail Transmission Connection Charge	1586	156,885	(1,068)	2,068	(7,884)	
RSVA - Power ⁶	1588	(3,747,661)	(60,849)	(15,918)	(53,310)	(19,518)
RSVA - Global Adjustment ⁶	1589	3,820,232	46,345	25,203	45,929	11,968

In 2016, an interest adjustment of (\$5,613) was recorded in account 1588 in the DVA continuity schedule rather than \$22,559 noted in Table 1.5.6-G. An interest adjustment of \$12,101 in 2016 was recorded in account 1589 based on the calculation circled below rather than (\$22,559) noted in Table 1.5.6-G.

B19		=24058.64-11967.59				
B20		C				
		2016				
Account Descriptions	Account Number	Closing Principal Balance as of Dec 31, 2016	Opening Interest Amounts as of Jan 1, 2016	Interest Jan 1 to Dec 31, 2016	OEB-Approved Disposition during 2016	Interest Adjustments ¹ during 2016
Group 1 Accounts						
LV Variance Account	1550	0	0			
Smart Metering Entity Charge Variance Account	1551	(10,306)	(39)	(57)	(79)	
RSVA - Wholesale Market Service Charge ⁵	1580	(2,864,958)	(11,460)	(27,201)	(3,989)	
Variance WMS – Sub-account CBR Class A ⁵	1580	0	49	107		(157)
Variance WMS – Sub-account CBR Class B ⁵	1580	164,899	754	2,143		
RSVA - Retail Transmission Network Charge	1584	410,441	10,467	223	11,257	
RSVA - Retail Transmission Connection Charge	1586	289,889	2,384	1,754	1,826	
RSVA - Power ⁶	1588	(1,092,393)	(42,975)	(9,875)	(22,766)	(5,613)
RSVA - Global Adjustment ⁶	1589	66,595	37,587	10,196	19,032	12,101

Questions

- Please explain the discrepancies in the interest adjustment amounts in Table 1.5.6-G and the DVA continuity schedule.

- b. Please itemize the interest adjustments made and explain what the adjustments represent for 2015 and 2016 in accounts 1588 and 1589.

Staff-IR 6

Ref: DVA Continuity Schedule (2017 interest adjustment related to billing true-up); Table 1.5.6-E of Application (page 17 of 33)

Pre-amble

In Table 1.5.6-E, there was no interest adjustment associated with the principal adjustment of (\$664) reflecting the IESO billing true-up in 2017 (for February 2018 billings related to 2017 consumption). This principal adjustment of (\$664) was comprised of (\$127) from account 1588 and (\$537) from account 1589 below.

Table 1.5.6- E: Final 2017 Billing True Up

	1588	1589 Total
Principle	\$ (127)	\$ (537) \$ (664)
Interest	\$ -	\$ -
Total	\$ (127)	\$ (537) \$ (664)

In account 1588 in the DVA continuity schedule, Brantford Power correctly recorded a 2017 principal adjustment of (\$127) but recorded an interest adjustment of (\$9,859). In account 1589, a 2017 principal adjustment of (\$537) was recorded, along with an interest adjustment of \$9,859.

		2017									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan 1, 2017	Transactions Debit/ (Credit) during 2017	OEB-Approved Disposition during 2017	Principal Adjustments ¹ 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 ²	OEB-Approved Disposition during 2017	Interest Adjustments ¹ during 2017	Closing Interest Amounts as of Dec 31, 2017
Group 1 Accounts											
LV Variance Account	1550	0				0	0	0			
Smart Metering Entry Charge Variance Account	1551	(10,306)	(3,818)	(4,783)		(8,339)	(17)	(60)	(12)		(85)
RSVA - Wholesale Market Service Charge ³	1580	(2,854,958)	(1,043,914)	(2,021,784)	5	(1,887,092)	(34,372)	(15,385)	(26,735)		(23,022)
Variance WMS – Sub-account CBR Class A ⁴	1580	0				0	(0)				(0)
Variance WMS – Sub-account CBR Class B ⁴	1580	184,899	(88,741)	226,094		(130,936)	2,887	(534)	754		1,609
RSVA - Retail Transmission Network Charge	1584	410,441	(165,773)	(249,136)		493,804	(567)	7,070	(3,531)		10,034
RSVA - Retail Transmission Connection Charge	1586	289,889	(137,036)	30,328		122,525	2,312	2,962	892		4,402
RSVA - Power ⁵	1588	(1,992,393)	(798,434)	(1,546,522)	(127)	(344,432)	(35,707)	9,563	(17,713)	(9,859)	(18,290)
RSVA - Global Adjustment ⁶	1589	56,595	283,552	1,613,940	(537)	(1,274,331)	40,852	(16,207)	24,341	9,859	10,164
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁷	1595	0				0	(1)				(1)
Disposition and Recovery/Refund of Regulatory Balances (2013) ⁷	1595	0				0	21,326		21,326		(0)
Disposition and Recovery/Refund of Regulatory Balances (2014) ⁷	1595	0				0	0				0
Disposition and Recovery/Refund of Regulatory Balances (2015) ⁷	1595	(58,232)		(58,146)		(86)	11,791		11,754		37
Disposition and Recovery/Refund of Regulatory Balances (2016) ⁷	1595	193,360	(188)			193,173	(208,985)	2,187			(206,798)
Disposition and Recovery/Refund of Regulatory Balances (2017) ⁷	1595	0	74,627			74,627	0	41,152			41,152
Disposition and Recovery/Refund of Regulatory Balances (2018) ⁷	1595	0				0	0				0
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
RSVA - Global Adjustment	1589	56,595	283,552	1,613,940	(537)	(1,274,331)	40,852	(16,207)	24,341	9,859	10,164
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(2,957,299)	(2,164,275)	(3,633,948)	(122)	(1,487,747)	(241,323)	46,975	(13,265)	(9,859)	(190,943)
Total Group 1 Balance		(2,900,704)	(1,880,724)	(2,020,008)	(659)	(2,762,078)	(200,471)	30,768	11,076	0	(180,779)

Questions

- a. Please show the calculation for the 2017 interest adjustments of (\$9,859) in account 1588 and \$9,859 in account 1589.
- b. Please explain why the 2017 interest adjustment is higher than the principal adjustment amount.

Staff-IR 7

Ref: Application Pages 14-15 (reasons for deferring group 1 balances)

Pre-amble

Brantford Power stated that the primary driver for the deferral of Group 1 balances is that interim disposition would require accounting entries and implementation of interim rate riders in 2019, followed by the potential for a true-up of interim rate riders at a later date.

Brantford Power provided four reasons to defer disposition of Group 1 balances:

1. Many data points impacted by true-ups, particularly implementation of rate riders for 15 transitional class A customers
2. Process for communicating rate changes can cause confusion
3. Increased risk of billing or accounting errors due to true-up and billing adjustments, as well as creating an unclear audit trail
4. Smoothing bill impacts for 2020 rates, using the significant credit from Group 1 DVAs to offset some or all of its potential ICM rate riders in 2020 from a facility relocation project

Questions

- a. Please describe the accounting entries Brantford Power expects to have relating to implementation of interim rate riders in 2019.
- b. Please describe what kind of “true-ups and billing adjustments” Brantford Power is expecting to have and provide examples to demonstrate the concerns with respect to such “true-ups and subsequent adjustments”.
- c. In the event Brantford Power’s request to defer disposition of Group 1 balances is not approved, please explain what and how Brantford Power plans on communicating related to the interim-rate related “true-up adjustments/true-up accounting entries” to customers.
- d. As the potential future ICM rate riders are yet to be approved, why is it appropriate to factor in unapproved rate riders into its justification and analysis not to clear its Group 1 Account balances?
- e. Given that the Group 1 DVA account balances are 3 times greater than the magnitude of the DVA disposition threshold test, please provide a table that compares the difference between the total bill impacts by customer class of disposing of Group 1 DVA accounts and not disposing of Group 1 DVA account balances. Staff would like to note that Tables 1.4A and 1.4B (on pages 7 and 8) of the application are not legible.

- f. What would the ramifications be to the customer bill impacts for 2019 and 2020, if Brantford Power's currently unrequested ICM rate rider was not approved by the OEB?

Staff-IR 8

Ref: Page 32 of Application (facility relocation project); page 15 of Application (customer bill mitigation); OEB Staff Submission in 2017 COS (EB-2016-0058)

Pre-amble

Brantford Power proposes to defer disposition of Group 1 accounts in order to use the credit balance of (\$0.003)/kWh to offset bill increases in its 2020 rates application, as discussed previously. As noted in the application, the 2020 rates application will include an application for ICM funding for its facility relocation project outlined in its 2017 COS application. Brantford Power has stated that it understands that it will be eligible for ICM funding in 2020.

Questions

- a. Please provide the quantitative and qualitative information that Brantford Power relied upon to make its assertions and determinations of the bill impacts caused by the ICM rate rider, including all calculations relating to the potential rate rider.
- b. Please provide the expected cost of the proposed facility relocation. Has the amount changed from \$966K indicated in Brantford Power's 2017 COS application?
- c. Please confirm the expected date of completion for the facility relocation project. Please provide details on the relocation project and the status of the project.
- d. Please provide a yearly breakdown of actual spending for the facility relocation, as well as forecast expenditures if the relocation is not yet complete.
- e. Please provide a breakdown of the anticipated 2020 bill impacts based on expected costs of the facility relocation by customer class and the refund of Group 1 DVA balances by customer class.
- f. If the balance in Group 1 DVAs is lower than (\$0.003)/kWh with 2018 year-end balances, please discuss whether Brantford Power will consider additional risk mitigation measures to offset the potential significant bill increases from the ICM rate riders in 2020.

Staff-IR 9

Ref: Tabs 6/6.1a/Tab 6.2a of IRM Rate Generator Model (2016 & 2017 non-RPP class B consumption; 2016 & 2017 total class B consumption); Validation Spreadsheets (attachment)

Questions

- a. Customers that transition between Class A and B during the variance account accumulation period are to pay their share of the Global Adjustment and CBR costs during the time the customer was a Class B customer through a charge/or credit. In order for the IRM Rate Generator Model to make calculations correctly all fields of Tab 6 in the Rate Generator Model must be completed with the data required.
 - i. Please complete all information required in Tab 6 as required, and refile the 2019 Rate Generator Model.
- b. Once Tab 6 has been populated correctly, cell D20 and E20 of Tab 6.1a and Tab 6.2a for 2016 and 2017 must be updated.
 - i. Please confirm the values input into Tabs 6.1a and 6.2a based on the attached validation spreadsheet and update and re-file Rate Generator Model accordingly.

Staff-IR 10

Ref: LRAMVA workform (tabs 5 and 6)

Brantford Power applied for recovery of a debit balance of \$339,536 in lost revenues associated with new CDM program savings for 2016 and 2017, persisting savings from 2011 to 2015 for 2016, persisting savings from 2016 for 2017, and carrying charges.

2016 actual savings were compared against forecasted savings of 2,288,799 kWh set out in its 2013 COS application (EB-2012-0113). 2017 actual savings were compared against forecasted savings of 23,341,747 kWh set out in its 2017 COS application (EB-2016-0058).

- a. Tab 6 of LRAMVA workform (Q4 2018 interest rate)

Please update the Q4 2018 interest rate in Table 6 (Tab 6) to reflect the OEB's most recently approved prescribed interest rate for deferral and variance accounts.

- b. Updates to LRAMVA workform
 - i. Please file the 2017 Final Results Report as provided by IESO. Attachment H3 appears to be an extract of the IESO final results report.
 - ii. Please confirm any changes to the LRAMVA workform in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".
 - iii. If Brantford Power made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.